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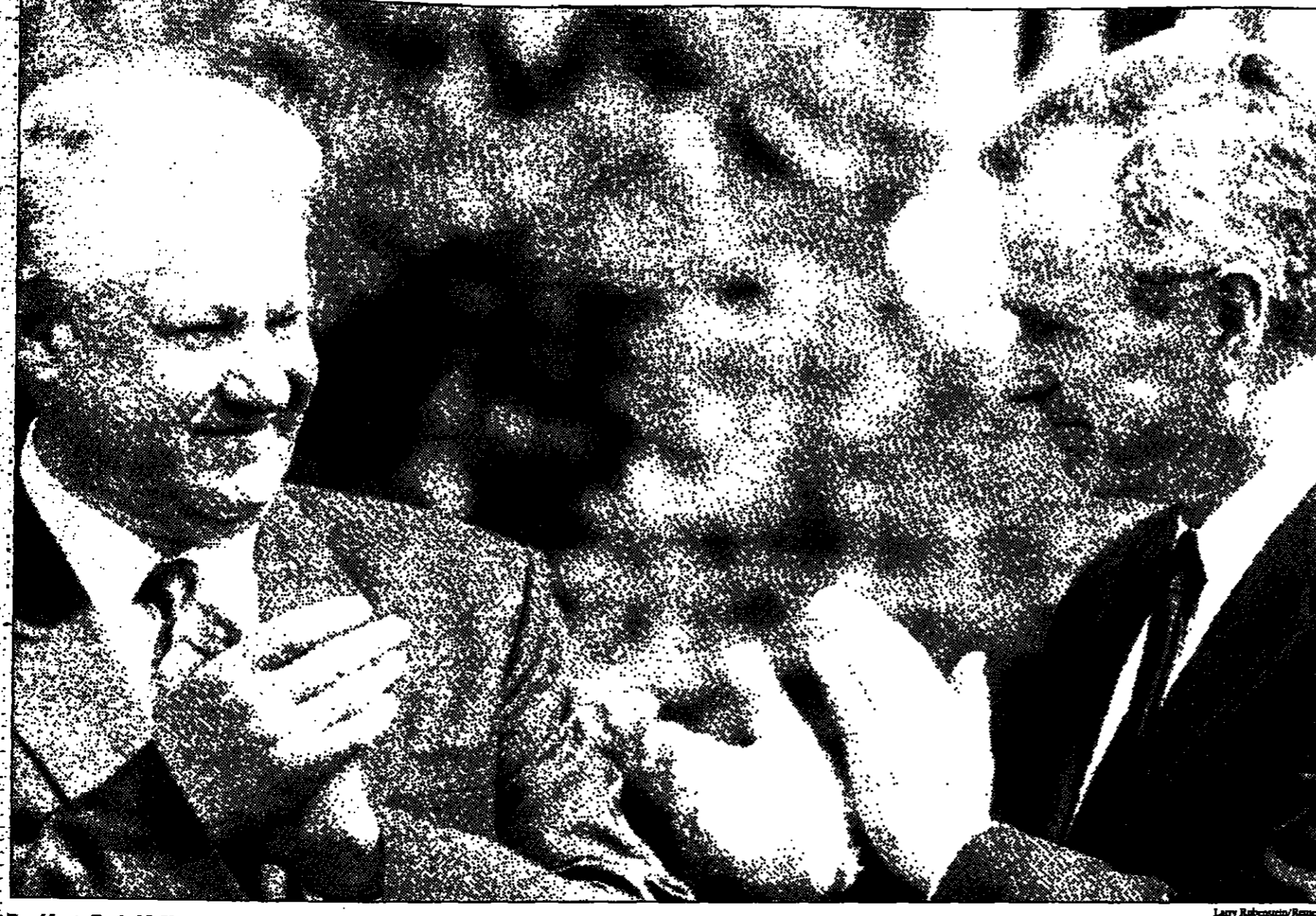
Bush and Yeltsin Pledge Drastic Cuts In Nuclear Arsenals

At Summit, Russian Also Brings Word That Missing GIs May Still Be Alive

WASHINGTON — President George Bush and President Boris N. Yeltsin announced a dramatic agreement Tuesday to reduce long-range nuclear warheads from about 10,000 each to between 3,500 and 3,000.

The presidents also established a joint commission to investigate Mr. Yeltsin's reports that captured American military personnel might still be alive in Russian detention.

Mr. Bush said the warhead accord would eliminate the world's most destabilizing weapons — those capable of hitting multiple targets simultaneously.



Presidents Boris N. Yeltsin and George Bush joining in the applause by guests in the Russian style, during a ceremony on the White House lawn for the Moscow leader.

Bosnia and Croatia Join Forces Against Serbs

SARAJEVO, Bosnia-Herzegovina — The surprise announcement marks a sharp retreat to a United Nations finding that Croatia itself is sponsoring armed aggression in Bosnia-Herzegovina.

Serbian-dominated Yugoslavia and complicate the UN peacekeeping mission here. It could propel what has been a bloody but confined ethnic conflict into a wider Balkan war.

The West has responded by sending in UN peacekeepers to negotiate with Serbian forces, which are besieging the city, on opening the Sarajevo airport. The opening of the airport is still at least a week away.

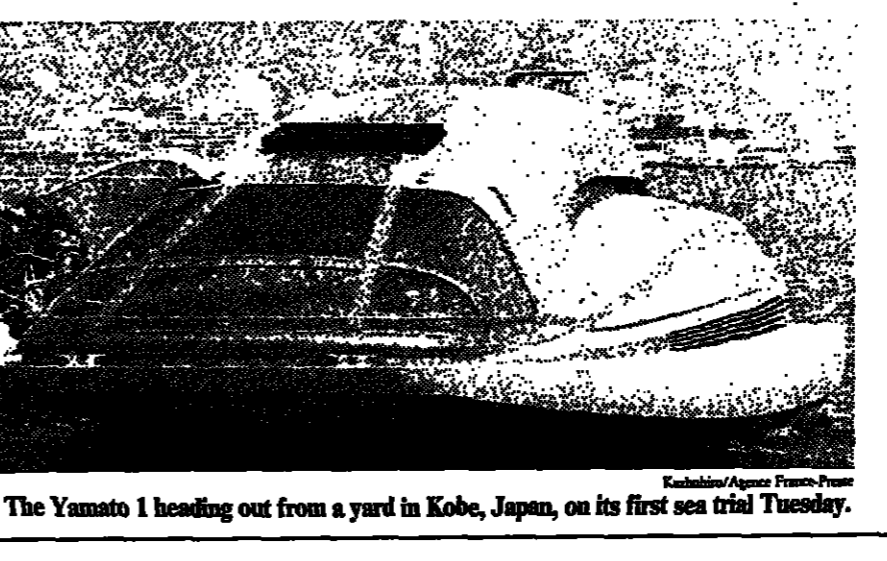
Mr. Iztbegovic said he believed the West would, at some point, be forced to intervene militarily in Bosnia-Herzegovina. But he said he did not believe "it will happen in time."

Out of the Novel and Into the Sea: Japan's Silent Propellerless Ship

KOBE, Japan — Less than a decade after Tom Clancy spun out his famous thriller, the mysterious silent propulsion system of the fictional submarine Red October went to sea in real life on Tuesday — not at a Russian naval base, but in Japan's most advanced high-tech shipyard.

Accordingly, executives of the Japanese research consortium that has poured more than \$40 million into the project so far compared the trial run on Tuesday to the maiden voyage of the first steamship in 1807 and to the 1955 sea trial of the U.S. submarine Nautilus, the world's first nuclear-powered ship.

"We are proud to be the first to develop this technology, and we will share it with researchers around the world," said Yohei Sasakawa, chairman of the foundation's research committee. "But we want to limit its use to peaceful applications."



The Yamato 1 heading out from a yard in Kobe, Japan, on its first sea trial Tuesday.

Saddam Stronger Now Than a Year Ago, U.S. Intelligence Asserts

WASHINGTON — Despite stringent economic sanctions and diplomatic isolation, President Saddam Hussein of Iraq is stronger now than he was a year ago, according to a classified intelligence report that will be presented to President George Bush and his chief aides.

It also states that he is trying to reconstitute his military and is strengthening his political base by imposing more repressive measures on his population.

Soon after the Iraqi leader suppressed rebellions by Kurds in the north and Shiite Muslims in the south, the CIA concluded that he could remain in power for years.

The report, which reflects the thinking of CIA and other intelligence agencies, is scheduled to be distributed to Mr. Bush and senior officials this week.

His timing is particularly embarrassing for Mr. Bush, who has had to defend his administration's conciliatory policies toward Iraq before its invasion of Kuwait against both Democratic critics in Congress and Ross Perot, who has accused him of appeasing Mr. Saddam and leading the United States into a war that might have been avoided.

Kiosk

19 More Are Slain in South Africa

At least 19 more persons died in political violence Tuesday in South Africa, and the African National Congress launched a mass-action campaign to pressure the government into making more concessions in constitutional talks. (Page 2)

English Barred From Beer/Tents

Englishmen were banned Tuesday from the beer-and-games tents here after a third night of violence, and the authorities, in an effort to prevent more trouble at the European Championship, said that only low-alcohol beer will be sold at the tents until after the England-Sweden soccer match Wednesday night. (Page 17)

Table with financial data: General News, Bill Clinton has found many defenders for his criticism of a rap singer. Page 3. Dow Close, The Dollar in New York.

Graphic Puzzle: Is the NASA 'Worm' a Turkey?

WASHINGTON — When the head of the National Aeronautics and Space Administration, Daniel S. Goldin, decided to change the agency's logo, he meant to signal a cultural change.

NASA's Two Logos. The 'meatball' NASA's logo from 1959-75, is born again. A symbol of velocity and sweep? The 'worm' logo, NASA's insignia since 1975: grounded by Challenger?

develop a graphic standards manual. A manual was developed... and through consistent application of its standards over the last 17 years, NASA has produced one of the most successful federal agency visual communications programs.

Crossword Page 14

See SHIP, Page 6

See SADDAM, Page 6

See LOGOS, Page 6

U.S. Jury Indicts Weinberger in The Iran Affair

WASHINGTON — Caspar W. Weinberger, a former defense secretary, was indicted Tuesday on felony charges that he concealed his knowledge of secret U.S. arms sales to Iran and of aid to the Nicaraguan rebels.

Mr. Weinberger became the first member of Mr. Reagan's cabinet to be indicted in connection with the scandal involving the secret sales of arms to Iran and the diversion of profits to the Contras in 1985 and 1986.

Renewed Fighting In Cambodia Places UN Truce in Peril

By William Branigin Washington Post Staff Writer PHNOM PENH — A new round of fighting between Khmer Rouge guerrillas and forces of the Phnom Penh government is jeopardizing a United Nations peace plan and setting back efforts to assemble and disarm the warring parties...

peace plan's critical second phase, which formally began Saturday. Under it, some 200,000 combatants from Cambodia's four warring factions were to begin assembling in cantonments under the supervision of UN peacekeeping troops...

The Khmer Rouge announced last week that it would not send its fighters into cantonments, demanding that UN peacekeepers first verify the total withdrawal of Vietnamese forces from Cambodia and increase the powers of the Supreme National Council...

Officials of the UN Transitional Authority in Cambodia, the peacekeeping and administrative body, attributed the clashes in northern Cambodia to the Khmer Rouge, who have refused to participate in the disarmament phase of the plan...

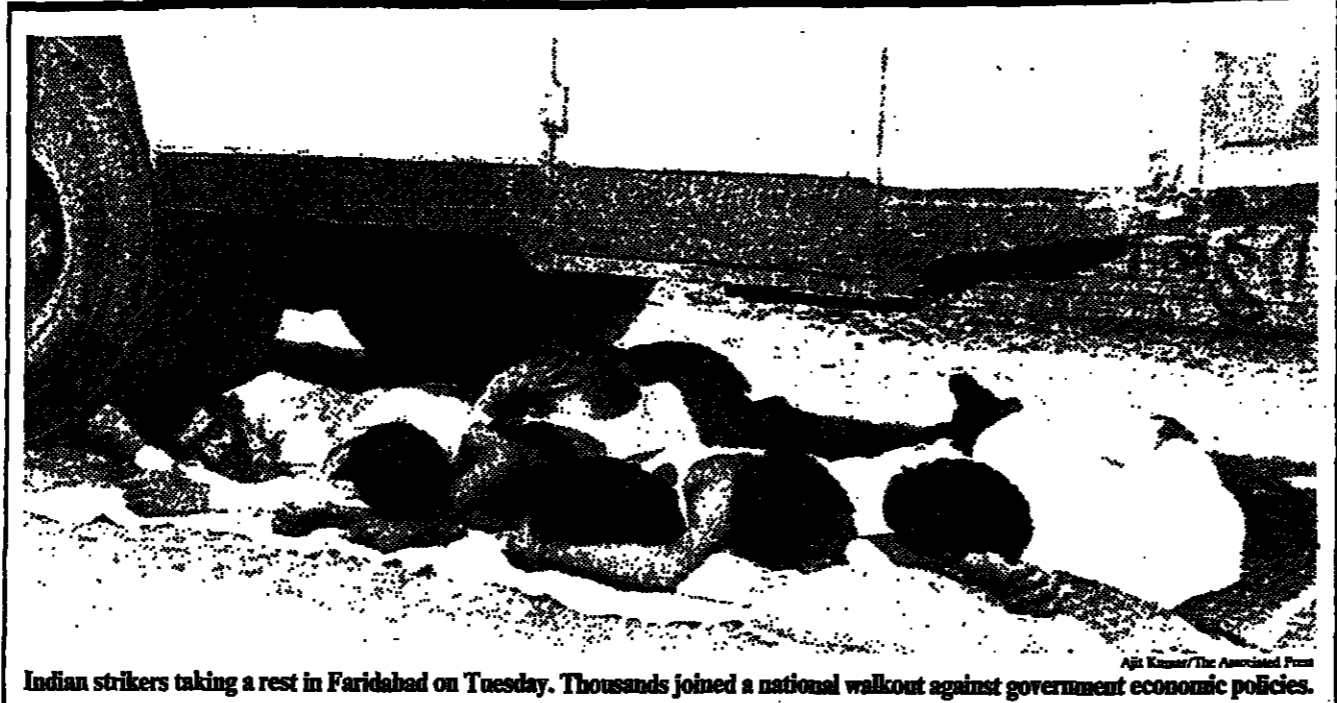
According to UN officials, fighting has been reported less than 25 kilometers (15 miles) north of the provincial capital of Kampong Thom along Route 12, which links the town with the northern province of Preak Vhean...

Vodka: Kabul Object Lesson

AGENCE FRANCE PRESSE KABUL — Islamic fundamentalist mujahidin fighters used a tank here to crush 4,000 bottles of Russian vodka in a warning against the consumption of liquor in Afghanistan...

20,000 Are Seized in India as Communists Lead Strike

NEW DELHI — Communist unions and their allies who led a nationwide industrial strike Tuesday to protest the government's economic liberalization managed to disrupt domestic flights and drew support in oppositionist states where banks, government offices and factories were shut...



Indian strikers taking a rest in Faridabad on Tuesday. Thousands joined a nationwide walkout against government economic policies.

ANC Begins Protest Move, 19 Are Slain

By David B. Ottaway Washington Post Staff Writer SOWETO, South Africa — The African National Congress launched its promised mass-action campaign Tuesday to pressure the government into making concessions in the deadlocked constitutional talks...

Canada Moves to Limit Immigration

OTTAWA (Reuters) — Canada moved on Tuesday to tighten its generous immigration laws by proposing stricter screening of applicants and tougher powers to deport unwanted people...

Official Tally Gives Post to Ramos

MANILA (Reuters) — General Fidel V. Ramos won the Philippine presidential race on Tuesday, five weeks after the country's first free presidential elections in two decades. Congress still must officially proclaim the winner of the May 11 elections...

Appeal to Paris on Vichy Persecution

PARIS (Reuters) — Launching a public appeal on an issue that has been one of the most emotional in postwar France, more than 200 French intellectuals urged President François Mitterrand on Tuesday to officially recognize the persecution of Jews by the Vichy government that collaborated with Nazi Germany during World War II...

2 Are Killed as Israeli Collaborators

GAZA, Israeli-Occupied Gaza Strip (AFP) — Masked gunmen killed two alleged Israeli collaborators on Tuesday, one of them a mother of seven whose baby was dumped outside her refugee camp home, Palestinian sources said...

For the Record

More delays stalled the release of two German hostages, Thomas Knapener and Heinrich Strübing, in Beirut. The new date is Wednesday, Lebanese and German sources said.

TRAVEL UPDATE

Northwest Airlines announced Tuesday that it was increasing domestic fares by 10 percent on tickets bought on or after June 26. The increase will affect all fare categories equally, it said, adding that no fare rules or restrictions would be altered.

The Weather

Weather forecast table with columns for North America, Europe, Asia, and Africa. It includes sub-headers for Today, Tomorrow, High, Low, and Wind. The table contains numerical data for various cities and regions.

Yeltsin Confirms Military Caused 1979 Anthrax Outbreak

By R. Jeffrey Smith Washington Post Staff Writer WASHINGTON — President Boris N. Yeltsin has acknowledged that an outbreak of anthrax in the Ural Mountains 12 years ago was caused by military researchers trying to make a germ weapon, not by natural causes as Moscow previously asserted...

Senators Kill Some Luxury Taxes and Extend 12 Breaks

The Associated Press WASHINGTON — The Senate Finance Committee voted Tuesday to kill the luxury tax on yachts, planes, furs and jewels, and to extend for another 18 months a dozen special tax breaks...

Advertisement for UNIVERSITY DEGREE (Bachelors, Masters, Doctorate) and MAXIM'S (Executive Hotel Management Diploma, Master in International Hotel Management).

INDICT: Weinberger Is Charged With Perjury in the Iran-Contrast Affair

(Continued from page 1) concealing extensive personal notes on high-level Reagan administration discussions about the arms sales. The notes also concerned aid to the Contras during a ban on such U.S. support, prosecutors said...

Advertisement for FRENCH GRAND PRIX (Hotels, chateaux, private houses, villas, and estates).

Yeltsin Phones Solshenitsyn

AGENCE FRANCE PRESSE WASHINGTON — President Boris N. Yeltsin telephoned Alexander I. Solshenitsyn, the exiled writer, this week and urged him to return and help with the reform process, according to Vyacheslav Kostikov, a Yeltsin spokesman...

Quayle Demonstrates He's Really Not a Man of Letters

TRENTON, New Jersey — Vice President Dan Quayle has demonstrated Monday that you apparently do not need to know how to spell "potato" to hold the country's second-highest office...

Large vertical advertisement on the right side of the page, featuring a prominent headline "A Rain" and other text including "Voters Clinton and...", "And Bush, To...", and "President's With Firm I...".

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A Rainbow of Defenders Hails Clinton's Criticism of Rapper

By David S. Broder
and Thomas B. Edsall

WASHINGTON — Governor Bill Clinton has found significant support from both black and white Democrats as he comes under fire from the Reverend Jesse L. Jackson for his criticism of a black rap singer who proceeded Mr. Clinton at an event held by Mr. Jackson's organization.
Mr. Jackson said Monday that Mr. Clinton's attack on the appearance of the rap singer, Sister Souljah, was part of "a consistent attempt to provoke me." Both the singer and Governor Clinton took part in the Rainbow Coalition's convention last weekend.
The Arkansas governor told reporters in New York that he "didn't go there to pick a fight with anybody." He refused, however, to soften his criticism.
In interviews Monday, a number of prominent black officials, many of them backers of Mr. Jackson in his earlier campaigns for the Democratic presi-

dent nomination, said Mr. Clinton was correct and should not suffer politically for what he said. "If she said what she is supposed to have said, he would be remiss not to have criticized it," said Joel T. Ferguson, the head of the Jackson campaign in Michigan in 1988.
Mr. Clinton's criticism focused on the rap singer's remarks in an interview in The Washington Post on May 13 in which, discussing the Los Angeles riots, she said, "If black people kill black people every day, why not have a week and kill white people?"
Mayor Michael White of Cleveland, who is black, said, "We don't need songs of hatred by either whites or blacks. What we need is more understanding and fairness now."
Mr. White said Mr. Clinton's comments would not hurt him in the African-American community: "The issues we confront are too great to allow this minor flap to divide us."
Representative A. Michael Esby, Democrat of Mississippi, who represents the heavily black Delta region, said if the singer was not misquoted: "I don't find anything wrong with what Governor Clinton said. She is an influential entertainer and she does

have the listening ear of hundreds of thousands of black youth, and any attempt to encourage actions that would threaten the lives of anyone is something we ought to condemn."
All three, and a number of other black leaders, said they doubted that Mr. Jackson's anger would lead to a permanent split or cost Mr. Clinton black votes in November.
"There's no risk of their not supporting him," Mr. Ferguson said. "Where else are they going to go?"
Mr. Esby said, "He was just rebuking someone for using language that would incite people to kill."
Mr. Clinton set off the dispute Saturday, when, at the end of a generally conciliatory speech, he publicly questioned Mr. Jackson's invitation to the singer to take part in a youth discussion the previous day.
Mr. Jackson at first questioned the accuracy of the tape-recorded interview though later said he opposed any call to violence. But he complained Monday in a telephone interview that Mr. Clinton "was invited as a guest and he used the platform to embarrass us."
Listing a number of earlier instances when he said Mr. Clinton had rejected his overtures or been quick

to denounce him, Mr. Jackson said the Arkansas governor had deliberately tried again "to provoke me; I invited him to establish unity, but he came to establish distance."
Although some aides had told reporters in advance that Mr. Clinton might use the occasion to demonstrate his differences with Mr. Jackson, the Arkansas governor said Monday that was not his intention.
"I started out this race determined to bring people together across racial lines, and I'm going to speak out against anybody who is not doing that," Mr. Clinton said.
He told reporters that "it has become a much bigger deal to him than it is to me."
Senator Robert C. Byrd, Democrat of Virginia, issued a statement congratulating Mr. Clinton "for his courage in speaking the minds of millions of people in this country — black, white, brown and other."
He said Mr. Clinton had reminded "the country that no race has a monopoly on racist provocation and demagoguery."

U.S. Seeks to Calm Mexico Amid Fury Over Court Ruling

Compiled by Our Staff From Dispatches
WASHINGTON — The United States, moving to calm a dispute with Mexico over the right to abduct foreign suspects, said Tuesday that it had "utmost respect" for Mexican sovereignty and would not violate it.
The State Department made the commitment a day after the Supreme Court ruled that the United States could kidnap a suspect from a foreign country and put him on trial in a federal court without following procedures set out in an extradition treaty.
The ruling, arising from a case in which a Mexican citizen was kidnapped and brought to the United States in 1990, angered Mexico. In reaction to the decision, it suspended joint anti-drug operations with the United States until further notice.
Several countries in South America also expressed shock at the ruling. But the State Department said in a statement that it had negotiated clear understandings with Mexico that joint anti-drug efforts "must be conducted with full respect for the sovereign rights and prerogatives of each other's nations."
The statement said, "We reaffirm that commitment today."
"We have the utmost respect for Mexican sovereignty," it said. "We intend to work carefully with the government of Mexico to allay any concerns or perceptions to the contrary."
Secretary of State James A. Baker 3d said Tuesday that U.S. presidents must balance foreign policy and law enforcement considerations in deciding whether to authorize the abduction of criminal suspects from foreign countries.
Swiss, Canadian and Argentine officials also expressed dismay Tuesday over the Supreme Court decision.
A Justice Ministry spokesman said that such kidnappings in Switzerland "would simply be unacceptable and illegal, and would be prosecuted in that light."
"Imagine what it would lead if every country would do that," he said. "You would have anarchy."
A spokesman for Canada's External Affairs Ministry said: "Any attempt by a foreign official to abduct someone from Canadian territory is a criminal act."
The court ruled Monday in the case of Humberto Alvarez-Machain, a physician abducted from his office in Guadalajara two years ago. He is charged in the torture and murder of a Drug Enforcement Administration agent in Mexico in 1985.
The court had said in its 6-to-3 decision that although kidnapping might be "shocking" and "in violation of general international law principles," it was not specifically barred by the U.S.-Mexico extradition treaty and that it was up to the Bush administration to decide whether to proceed with the trial.
The three dissenting justices described the majority decision as "monstrous."
Foreign Minister Guido Di Tella of Argentina said that if any kidnapping "is actually carried out it will be a shocking and extremely serious step."
The state-owned Egyptian newspaper Al-Ahram limited its front-page comment Tuesday to one sentence: "This ruling is without precedent, as it ignores agreements between nations on the extradition of criminal suspects."
(Reuters, AP)

Voters Can Watch Their Lips Clinton and Perot Square Off on Talk Shows

By Walter Goodman
New York Times Service
NEW YORK — In the last week, the U.S. political talk show has gone upscale, and Bill Clinton and Ross Perot have gone more or less mano a mano, which might be roughly translated as mouth against mouth.
The Arkansas governor answered questions last week from studio audiences around the country for about an hour of the two hours of "CBS This Morn-

a front-row box seat and not even seeing a bad show from the bleachers."
When their positions are similar — on the hope of reconciling environmental cleanups and jobs, for example — Mr. Clinton can usually be counted on to lay out an orderly line of action. Where Mr. Perot used borrowed metaphors about the planet being our home, Mr. Clinton suggested ways of creating jobs and conserving energy at the same time.
Maybe Mr. Clinton was just reciting, and one could not really tell whether any of it was feasible, but he had plainly prepped on the subject, just as he had prepped on Haitian refugees, nuclear testing, the Middle East, student aid and most everything else anybody tossed at him.
Good questions make for good answers, and the questions from the selected audiences on "CBS This Morning" tended to be sharper than on the call-in shows.
Mr. Clinton improved on the more parochial ones. When a fireman's wife asked whether a Clinton administration would help local fire departments, he typically broadened the subject to Washington's obligations to the cities.
The Perot spirit is catching when he says he will end officialdom's perks and make big shows fly on commercial airlines, stand in line, eat bad food and lose luggage. What voter cannot drink to that?
Among his first creations as president, he promised, would be a training course in courtesy for federal employees. Here he becomes passionately specific: He would bar officials from taking jobs as foreign lobbyists and order the presidential entourage to stop for red lights.
Although he repeatedly tells viewers that if they do not want tough action, they should not vote for him, Mr. Perot can go soft as white bread when talking to a caller with a personal stake in a matter, a not uncommon occurrence.
Commiserating with a dairy farmer from Indiana, this outsider who often complains about the influence of lobbyists said dairy farmers were inadequately represented in Washington.
Mr. Perot proclaims that his refusal to give his position on issues like national health insurance is a matter of principle. He does not yet know what his position is, and interviewers who expect him to have one are what is wrong with the political system.

NEWS ANALYSIS
"Before that, he took an hour of telephone calls on NBC's 'Today,' and Mr. Perot took two hours, minus breaks for commercials.
Equal time has been offered on all fronts.
The ABC program "Good Morning America" has no such plans at the moment, but can it be far behind? Audience-participation shows are not known for their analysis of anything, but the way someone handles an hour or so of questions cannot fail to be revealing. However seasoned a performer, the candidate is bound to betray glimpses of his personality, his acquaintance with issues, his campaign strategy.
Mr. Clinton comes on like the brightest and politest student in the class.
A caller says say "Good morning," he says "Good morning" right back, usually with a first name tagged on. Callers to these shows generally do not have surnames.
On Monday, for once, Mr. Clinton seemed stumped, and resorted to asking an oilman from Tulsa, Oklahoma, for his own answer about how to encourage domestic oil production.
Generally, however, Mr. Clinton has done his homework and wants you to know it. He is so forthcoming that at times you fear he will never stop coming forth.
Ask him, as Bill from Connecticut did on the "Today" show, for three specifics on how he would change the tax laws, and he delivers four. The persona is earnest, energetic, enthusiastic, eager-to-please.
Although details of Mr. Perot's intentions have been filtering out, he still scornfully dismisses requests for specifics.
"Let's not sound bite it," he snaps before churning out down-home sound bites of his own: "We're buying

on Monday night was the first of a series of television interviews he plans in coming weeks.
The CNN interview, focused on foreign affairs, and Mr. Bush continued to refuse to say much about Mr. Perot or Governor Bill Clinton. But he did say that he disagreed with speculation that none of the three candidates would get a majority of electoral votes and that the race would thus be decided by the House of Representatives.
As they have cast about for ways to get public attention, White House officials at first ridiculed Mr. Perot and Mr. Clinton for appearing on call-in programs. Mr. Bush's consideration of such a move for himself now is a measure of White House alarm at his persistently low approval ratings and at Mr. Perot's unexpected strength.
It also underscores the extent to which efforts to bypass traditional television news coverage and appeal more directly to voters have come to dominate the public relations 1992's campaign strategies.
Robert M. Teeter, the Bush campaign chairman, said that after watching Mr. Perot and Mr. Clinton field questions on network morning programs, he had given Mr. Bush a memorandum recommending that he appear on a program of that nature.
"Communications and the media — since '84 and clearly since '88 — have changed," Mr. Teeter said. "People watch these things. They get a lot of information out of them."
The poll of 1,005 adults showed Mr. Bush with 35 percent, General Schwarzkopf 29 percent and Mr. Clinton 27 percent. The potential sampling error for the poll was plus or minus 2 percentage points. (AP, Reuters)

And Bush, Too, Considers Joining the Circuit

By Andrew Rosenthal
New York Times Service
WASHINGTON — President George Bush says he is considering joining the parade of presidential contenders to the television talk show circuit, a move his advisers were urging as a means of countering the unexpected appeal of Ross Perot, the independent.
But Mr. Bush, who is said to be weighing whether a talk show appearance would seem too defensive or diminish the presidential stature he has been struggling to maintain, said he would not join in another political fad of the 1992 campaign and obtain a toll-free number.
"I think it's good to take some questions and to be out there on the front line," Mr. Bush said on "International Hour," a Cable News Network interview program. "But I think to turn the White House into a clearinghouse for 800 numbers is a little beneath the dignity of the White House, and I am determined to conduct myself in this office, hopefully, with decency and honor and dignity."
He added, "So I am not going to do that and say, 'Hey, call in to your friendly White House operator,' and use this magnificent building and this magnificent office I hold to further political ends in that way."
Mr. Bush's appearance on CNN

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AMERICAN TOPICS

A Vaccine Offers Hope Against Lyme Disease

Yale University researchers have developed a promising vaccine for Lyme disease, which strikes about 9,000 people in the United States each year. The new vaccine could be tested in humans in as little as three years, and someday soon it may again be possible to take a carefree walk through the woods without minutely checking afterward for ticks.
The disease is caused by a bacterium that is transmitted from wild animals to humans by ticks. Yale researchers reported that the vaccine not only protects mice from infection when they are bitten by bacteria-infested ticks, but that it also kills bacteria in the ticks that bite the mice, thereby disrupting further transmission of the disease.
Lyme disease is named after the town of Old Lyme, Connecticut, where it was first recognized in 1975. The infection first shows in a "bull's eye" rash that breaks out a few days after the tick bite. It can be easily controlled with antibiotics. But if left untreated, it can cause facial paralysis, vision and heart problems and a severe form of arthritis.

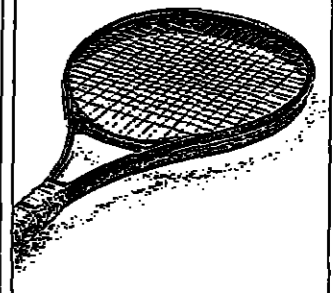


BUY ME SOME PEANUTS AND CRACKER JACK — Waiting patiently for the gates to swing open at Veterans' Stadium in Philadelphia is Marc Johnson, 17, a New Jersey who is a member of one of the Delaware Valley teams competing for the coveted All-Star Carpenter Cup.

Short Takes

Because of freakish weather, the United States could have a wheat shortage this fall for the first time in years, says Paul Georgy, a commodities broker in Crystal Lake, Illinois. The northern growing states had a severe winter and a dry spring. By contrast, Texas has been getting heavy rain for months. Texas farmers are used to droughts, including some that lasted years. Cracked, dry soil is a fact of life. Now, constant rain is threatening wheat, corn and sorghum crops.
In local television news programs in New York, the city is portrayed hour after hour, day in and day out, as a grim wasteland of teen-age killers, subway slashers, mob slayings, traffic snarls and car chases. The result, says Jay Rosen, a media critic and associate professor at New York University, is an "image of the city as a hellhole, an image the rest of the country is only too happy to accept." Gabe Pressman of WNBC-TV told The New York Times, "We run a ton of garbage. The whole thing is: Can we be more outrageous and sensationalist than the next guy?"
One of the many people calling for more balance is Liz Smith, syndicated gossip columnist, who says, "If you watch TV, you just think the whole city is falling apart. And yet you go out on the streets and New York is pretty much the same as it always was."
The Maryland Constitution puts the lieutenant governor, Melvin A. Steingard, under the thumb of the governor, William D. Schafer. Since the two Democrats are on the outs, Mr. Steingard is among the underemployed. During a recent week, Mr. Schafer swayed on a European trade trip, Mr. Steingard's total schedule called for a speech to a religious group, a local television apart, and yet you go out on the streets and New York is pretty much the same as it always was." The town of Wallingford, Connecticut, held a celebration on the day that its postal zip code, 06492, matched the date, 06-4-92. The local post office had special stamp cancellations to mark the occasion. "It's a historic day," said Mayor William Dickinson. "There are many communities in the U.S. that will never have a Zip Code Day." He was flanked by postal officials, including one who was wearing an eagle costume.

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Robert Haack, Ex-Big Board Chief, Dies

By Kurt Eichenwald
New York Times Service
NEW YORK — Robert William Haack, 73, who led the New York Stock Exchange during a period of crisis and change, died Sunday of complications from kidney failure in Potomac, Maryland.
A tall, amiable Midwesterner with a talent for public speaking, Mr. Haack in 1967 left the presidency of the National Association of Securities Dealers, where he had served for three years, to take the top post at the New York Stock Exchange.
He put a high priority on the development of several automation programs. "Among his many accomplishments was to bring technology to the back office, a bold initiative that laid the foundation for today's high-tech securities industry," William H. Donaldson, the current chairman of the Big Board, said Monday.
As the 1960s drew to a close, Wall Street began to experience its greatest crisis since the Depression. Between 1968 and 1970, as the boom in stocks gave weight to a bear market, dozens of brokerage firms, including nationally known names such as Hayden, Stone, Inc. and F.I. du Pont, collapsed or were forced into mergers.
With public confidence shaken, Mr. Haack worked with Congress to develop the Securities Investor Protection Corp., or SIPC. It provided much-needed security to investors who had begun to fear they would lose their savings if their brokerage concerns collapsed.
In a controversial speech before the Economic Club of New York on Nov. 17, 1970, Mr. Haack, saying that the exchange was no longer "the only game in town," publicly called for reform of an institution that had been something of a private club.
The speech, which split the lead-

ership of the securities industry and led to some calls for Mr. Haack's dismissal, also attacked fixed commission rates, which were then the lifeblood of Wall Street.
The speech proved to be prophetic. Fixed commission rates were abandoned in May 1975, in what is widely regarded as one of the most significant changes in the industry's history. It has allowed greater competition among brokers.
Lawrence William Townner, 70, a historian and former president of the Newberry Library in Chicago, died of emphysema Friday in Chicago.
The Newberry, a private research library in the humanities, was founded in 1887.
Carlos d'Alessio, 57, the French-Argentine composer whose unconventional arrangements have accompanied films, bands and even commercials, died of AIDS on Sunday.

President's Brother Is Sued in Deal With Firm Linked to Crime in Japan

By Robert J. McCartney
Washington Post Service
NEW YORK — A Tokyo investment company linked to the Japanese underworld has filed a \$2.5 million lawsuit against Prescott S. Bush Jr., the president's older brother, over an investment that he helped arrange in an American company that collapsed last year.
The legal action by West Tsusho Co. was filed in U.S. court here in May. It attracted attention this week when a judge ordered Prescott Bush to respond by June 25.
The suit involves his role as a member of the senior advisory board of Asset Management, International Financing & Settlement Ltd., known as AMIFS.
Founded in 1987 as a New York-based merchant banking firm, AMIFS entered bankruptcy court proceedings in 1991 and was liquidated earlier this year.
According to lawsuit complaint, Mr. Bush reneged on a promise he allegedly made in 1989 to protect West Tsusho against part of the risk when it invested \$5 million in AMIFS.
In a letter from Mr. Bush that was made available by the Japanese company's lawyer, he agreed to pay West Tsusho \$2.5 million if

AMIFS were liquidated within five years.
He received \$500,000 for helping to arrange the deal, according to documents filed by AMIFS with the Securities and Exchange Commission.
A year ago it was revealed that Japanese police concluded that West Tsusho was an arm of a company controlled by Susumu Ishii, who was one of Japan's top organized crime figures before he died in September.
West Tsusho's American attorney, John R. Bartels Jr., said the Japanese company's reputed mob connections were totally irrelevant to the present legal action.
"This is a simple action on a guarantee," Mr. Bartels said.
AMIFS said last year that no one at the company had any knowledge whatsoever of the reported links between West Tsusho and organized crime at the time the investment was made.
Prescott Bush attracted headlines earlier this year when he went on a business trip to Asia shortly before the president's own trade mission there.
Asked about the lawsuit, Laura Meillo of the White House staff said the president would not com-

ment on "a private matter," The Associated Press reported.
West Tsusho apparently paid a premium price for its stake in AMIFS, which was set up to make money by providing financing services to exporters and importers.
The Japanese company paid slightly more than \$1 a share for 4.8 million shares in AMIFS. In 1990 the stock traded over the counter for between 12.5 cents and 14 cents a share.
Prescott Bush was only one of several prominent business executives on the AMIFS senior advisory board, according to a company brochure.
Other senior advisers listed in the brochure included the retired admiral, Elmo R. Zumwalt Jr., former chief of naval operations; Lyman C. Hamilton, former president of International Telephone & Telegraph Corp.; and Raymond G. Petersen, then executive vice president of Hearst Magazines.
The complaint implied that a critical issue in the lawsuit may be whether Mr. Bush gave his personal guarantee that he would pay West Tsusho \$2.5 million if AMIFS failed, or if he merely pledged that one of his consulting firms, Prescott Bush & Co., would do so.
The speech, which split the lead-

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INTERNATIONAL Herald Tribune

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Old Business With Russia

As George Bush, elected president of the United States, sits down with Boris Yeltsin, elected president of Russia, they have historic new business to do...

sound answer to that: Eliminate MIRVed land-based missiles. The trouble is that this approach affects the two sides unequally...

The new relationship between Washington and Moscow makes such cuts possible. It also makes achieving them urgent...

There is another, preferable approach. Relations between the two countries have already moved from hostile to wary to cooperative...

Comity, Not Kidnapping

A year ago, the Court of Appeals of the Republic of South Africa ruled that the prosecution of a defendant kidnapped by agents of that government in another country must be dismissed...

posed to govern the transfer of individuals from one country to the other for trial. A six-man majority of the Supreme Court found none of these differences persuasive...

China's Miracle Rice: A New Rivalry With the West

LOS BANOS, Philippines — The L East Asian challenge to Western technological supremacy is moving into a new area: rice-growing. The Chinese are making spectacular gains with hybrid rice...

become the biggest donors to the International Rice Research Institute here set up in 1962 by the Ford and Rockefeller foundations. But genetic manipulation only affects disease and insect resistance...

A Clumsy Stop in Panama

George Bush's brief stop in Panama on his way to Rio was intended to call attention to the gratitude, democracy and social justice that supposedly flowed from the U.S. intervention of 1989...

invented General Manuel Antonio Noriega himself) and which had become the core of official corruption. But, as the plaza affair showed, it has been slow work building a new police force and system of justice...

Must U.S.-French Tension Be Eternal?

PARIS — With the Cold War over and the threat of attack from the East practically gone, one permanent feature remains on the West European landscape: the inability of France and the United States to sit down and resolve their differences over their security relationship in the framework of the Atlantic alliance...

build a political union. The result: The question was raised during a Washington visit by the French foreign minister whether the two countries are even on the same side. Isn't it time to stop questioning motives and get down to facts?

Other Comment

Partnership With America

Relations with America are of top priority. Positions it adopts are critical for the future of Russian reforms. The partnership is too significant for our country to neglect attacks by pseudo-patriots or neo-Communists who claim that Russia yields to pressure from abroad...

A Milestone for Japan

June 15 will go down as one of the most important milestones in Japan's postwar history. The passing by parliament of the controversial "blue beret law" broke one of the main taboos of Japanese security policy...

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairman

LEE W. HUBNER, Publisher JOHN VINOCUR, Executive Editor



Good Show in Rio, Despite U.S. Bumbling

RIO DE JANEIRO — The Bush administration has blundered its way through the United Nations Conference on Environment and Development. This first attempt at solving the global challenges of the post-Cold War era ended with the United States snuffing at its closest allies...

By Jessica Mathews but would not commit to change its own. The harder the United States pushed in the forestry negotiations, the more blatant the double standard appeared to others.

require universal cooperation and where the United States cannot dictate the outcome, Washington holds back, even when the commitments required are nothing more than it is prepared to undertake unilaterally.

How to Help The Gulag Survivors

WASHINGTON — Rare politicians who have heard A. M. Rosenthal's plea for aid to the Gulag survivors have not heard the plea of the Gulag survivors themselves...

By A. M. Rosenthal NEW YORK — Boris Yeltsin and the U.S. Congress have an opportunity, immediate and glorious, to turn his visit to the United States into a richness far beyond ceremony and speeches...

Every day of every year, from Vladimir Lenin's time through much of Mikhail Gorbachev's, Soviet citizens were arrested, tried in mock courts and sentenced to the violence of the gulag for political crimes.

China's Miracle Rice: A New Rivalry With the West

LOS BANOS, Philippines — The L East Asian challenge to Western technological supremacy is moving into a new area: rice-growing. The Chinese are making spectacular gains with hybrid rice...

By Richard Critchfield the proud Chinese village parents of three or four children, is 100. And even if Beijing brings its population growth under control, the Chinese have never been able to organize collective effort with the enthusiasm and efficiency the Japanese seem to have inherited from their feudal samurai past.

rice breeder for 40 years, working informally on hybrids since 1962. He says their original quality was "terrible" and it was not until 1976 that hybrids were improved enough to release to farmers.

Must U.S.-French Tension Be Eternal?

PARIS — With the Cold War over and the threat of attack from the East practically gone, one permanent feature remains on the West European landscape: the inability of France and the United States to sit down and resolve their differences over their security relationship in the framework of the Atlantic alliance...

By Francois de Rose (with reservation by France), of which the Rome declaration says that "integrated and multinational European structures, as they are further developed in the context of an emerging European defense entity, will also have an important role to play in enhancing the allies' ability to work together in the common defense."

France, followed, once hybrids are adapted to tropical conditions, by India and Indonesia. Farmers in Vietnam's northernmost Quang Ninh Province two years ago, fed up with Hanoi's slowness to act, simply brought the seed across the border from China and planted it.

In a Ra Clinton WASHINGTON — Rare politicians who have heard A. M. Rosenthal's plea for aid to the Gulag survivors have not heard the plea of the Gulag survivors themselves...

This most consummate of politicians has said before audiences and said what had to be said — no matter the consequences.

WASHINGTON — Rare politicians who have heard A. M. Rosenthal's plea for aid to the Gulag survivors have not heard the plea of the Gulag survivors themselves...

IN OUR PAGES: 100, 75 AND 50 YEARS AGO 1892: The Path to Mecca CAIRO — The ceremony of the Holy Carpet's path to Mecca took place this morning (June 16) in Cairo.

هنا من الأهل

INC International

In a Rap on Racism, Clinton Got It Right

By Richard Cohen

WASHINGTON — It is the rare politician who tells an audience what it does not want to hear. A willingness to do that commended the Democratic presidential candidate Paul Tsongas to the primary voters of New Hampshire.

This most consummate of politicians has stood before audiences and said what had to be said — no matter the consequences.

It is interesting to contrast Mr. Clinton not with President Bush, but with Mr. Perot. We are still waiting for the Speech in which Mr. Perot looks an audience in the eye and tells it something it needs to know but doesn't want to hear.

Now Mr. Clinton has taken on Sister Souljah, the rap singer with the incendiary rhetoric. Following the Los Angeles riots, she was interviewed by The Washington Post and said some amazing things.

day before Mr. Clinton's speech, Sister Souljah appeared on a panel of the Reverend Jesse Jackson's Rainbow Coalition here.

"You had a rap singer here last night named Sister Souljah," Mr. Clinton said last Saturday to the very same Rainbow Coalition.

With that, Mr. Clinton quoted what Sister Souljah had told The Washington Post and said, "If you took the words 'white' and 'black' and reversed them, you might think that David Duke is giving that speech."

No doubt Mr. Clinton had some political purposes in mind, not the least of them being just getting back in the news. It also helps him with certain whites to take on Mr. Jackson. But he was right about Sister Souljah and right to criticize the Rainbow Coalition for inviting her to its convention.

It is interesting to contrast Mr. Clinton not with President Bush, but with Mr. Perot. We are still waiting for the Speech in which Mr. Perot looks an audience in the eye and tells it something it needs to know but doesn't want to hear.

Mr. Tsongas did that when he said, "No more Santa Claus" and talked about raising taxes and trimming entitlement programs.

Mr. Clinton, who has amassed enough delegates to gain nomination as the Democratic candidate, went into the blue-collar heartland of suburban Detroit (Macomb County) and again talked about race.

Now Mr. Clinton has taken on Sister Souljah, the rap singer with the incendiary rhetoric. Following the Los Angeles riots, she was interviewed by The Washington Post and said some amazing things.

These trenchant questions were not out of character. She has called the Los Angeles riots a form of war — "We are at war!" she said at a Washington rally — and suggested that black people should not cooperate with the police when they are seeking to arrest other blacks. The

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Wasn't the Monarchy Supposed to Be About Stable Marriage?

By Anthony Burgess

LONDON — The British monarchy depends for its authority on the stability of its marriages.

The marriage of the present queen and her consort, a Greek prince, has been of an exemplary stability, like that of her father and grandfather before her. The nonagenarian queen mother, a widow of 40 years' standing who has not remarried, is a reminder of the royal familial solidity that was an inspiration to Britain during World War II.

With the king, George VI, and the queen and the two princesses standing as a symbol of the indestructibility of an ancient Christian institution, Britain felt safe. The Luftwaffe might pound its cities, but the British family remained together against the forces of disruption.

The instability of royal marriage began to be declared during the period of a long peace. Princess Margaret, the queen's sister, married a photographer named Anthony Armstrong-Jones, who was eventually elevated to Lord Snowdon. This marriage ended in divorce, and divorce is always a grave problem when it strikes the curious structure of British royalty, for the monarch is the head of the Church of England, and the Church of England, like the Roman Catholic Church, does not officially countenance divorce.

It is certain that no reigning monarch may seek divorce without being forced to abdicate. The abdication of the late King Edward VIII, who was demoted to the Duke of Windsor, was contingent on his wishing to marry an American divorcee. With the lesser members of the family, when it seems evident that they are unlikely to succeed to the throne, divorce seems to be in order, though regrettable.

Separation is bad enough. If royal marriages collapse, what is to happen to the marriages of commoners? The royal family is there to set a good example. From the failed marriage of Princess Margaret it was possible to draw the conclusion that it is unwise for a royal personage to marry a commoner.

Princess Anne's marriage to Captain Mark Phillips and the Duke of York's marriage to Sarah Ferguson were meant to indicate that British royalty was capable of democratization. This notion has

been proved to be wrong. No ordinary member of the community can possibly adjust to the peculiar rigors of life on the fringes of the monarchy.

To marry a prince or princess one must first be a princess or prince oneself. One must be steeped in royal protocol, be willing to forgo certain basic freedoms that common people take for granted, be perpetually discreet, sedulously avoid scandal, present to the world a face that conceals ordinary emotions.

Captain Mark Phillips and the Duchess of York have been unable or unwilling to play the royal game. And now the rocky marriage of the Prince of Wales,

ly that this particular royal marriage will fare better than that of Charles's aunt, sister and brother. If it ends in divorce, the Prince of Wales will have to relegate his claim to the throne to his son William. King William V — the Williamite line stretches back to 1066 and the bastard conqueror from Normandy.

There is another alternative: the end of the monarchy itself, its sinking into the earth in the shame of marital instability, and establishment of a republic.

The queen, it has to be remembered, is not merely the titular head of the United Kingdom; she also rules the Commonwealth, which includes the vast territories of Canada and Australia. Australia is already suffused with republican feeling. On the queen's recent visit there she was told, in effect: "You're a bonza kiddy. But after you, no more of this crowned head stuff. We're on our own."

Canada, which looks south to a large English-speaking republic, may be more reluctant to discard the trappings of royalty. The danger of its absorption into the United States — already a cultural fact — is all too evident.

Whether Britain and Northern Ireland are yet ready to revert to republicanism is a matter for close arguments. I speak of reversion because, after the 17th century civil war, a republic or protectorate was established under the commoner Oliver Cromwell. The Stuart King Charles I was decapitated and, by a segment of the Church of England, martyred.

Nevertheless, with the death of Cromwell in 1660 and the failure of the hereditary principle (borrowed from the monarchy), which would have placed the incompetent Richard Cromwell ("Tumbledown Dick") in the office of his father, the British were happy to accept the restoration of the monarchy. The Stuarts appeared on the throne again, very cautious in their actions and limited in their powers. Having tried once to accustom itself to the republican principle and signally failed, it has to be doubted whether Britain would try the same experiment again. But times have changed. We just do not know.

That there is an odor of republicanism in the air is made clear by the nagging of the media, especially

television, at the queen's vast wealth and her being placed above the rigors of the law. Britain would become, like Italy or France or the United States, a sober country lacking in the gleam of gold and the flash of scarlet. The House of Lords would become the Senate. Buckingham Palace would become an old people's home. The president, a former coal miner or circus acrobat, would lack glamour.

Italy is used to this situation since the collapse of the House of Savoy and the Fascist structure that sustained it, but Britain is desperately conservative and it used to love the image of family stability that the monarchy purveyed.

There is another alternative and that is the collapse of the House of Windsor, properly the House of Hanover, which has supplied Britain with German monarchs ever since George I.

Some of us old British Catholics continue to give our allegiance to the deposed house of Stuart. This, in the person of James II (formerly the Duke of York after whom a certain American city is named), attempted to restore Britain to the Catholic Church. The response of the Protestant mercantile class was to invite a Dutch homestead of the House of Orange to become William III and initiate, with the help of Hanover, the monarchy we have today.

Attempts on the part of Prince Charles Stuart in 1715 and 1745 to invade England from Scotland and impose the deposed dynasty on Britain were notable failures. But some of us do not give up hope.

My father's dying words to me were: "Son, do not give your allegiance to the upstart Hanoverians, the sausage-eating swine. Your last King was James II. I go now, I hope, to heaven where I shall meet him and express my eternal loyalty."

There are Stuarts around — in Scotland, France, Wales, even Italy. We may yet see a James III on the throne. But I am inclined to think that we shall see neither a King Charles III nor a Queen Diana.

The writer's most recent book is the forthcoming "A Mouthful of Air," a treatise on language. He contributed this comment to The New York Times.

MEANWHILE

heir to the throne, is being paraded in the popular press, not only in Britain. Books on the unhappiness of the Princess of Wales, also known as Princess Diana, have appeared, and one is being serialized.

She, being of noble stock, might have been better able to play the role of a royal princess, but apparently a thin-skinned sensitivity, a suicidal tendency, a lachrymose rejection of responsibility have made her a figure of universal pity. Charles is alleged to be callous to her moods and to be greatly to blame for her nervousness. We do not know; we can only guess.

What is certain is that a great deal of public work has been imposed on both, and that the prince, who is highly conscientious, has elected to work far harder for the general British welfare than the claims of married life should really permit. The marriage is in a shaky condition because the married pair see too little of each other. They do not even share a bedroom.

The most ominous statement attributed to the tremulous princess is this: "I will never be queen."

It has always seemed improbable to many of us that a Christian queen should bear the name of a pagan goddess. Queen Diana — the title contradicts centuries of Elizabeths, Alexandras, Victorias, Marys, Annes. Nomenclature apart, it seems unlikely

LETTERS TO THE EDITOR

Perot Pro and Con: Anger and Some Fears

Are you mystified by the angry avalanche of passion in the United States for Ross Perot, the billionaire who is preparing an independent bid for the American presidency? Just try something as routine as renewing a child's passport at a U.S. consulate.

One parent must appear personally. In my case, that means that either my wife or I lose a day of work and travel hundreds of miles to accomplish what could easily be done by mail.

According to Vice Consul Lee Hess in Bonn, the requirement cannot be waived regardless of hardship; a parent must sign the renewal application in the presence of a consular officer.

Once the child is 13 years old — apparently the State Department's own arbitrary age of majority — it is all right to mail in the passport.

Mr. Perot may be an unknown and possibly dangerous power-seeker, but his popularity is no mystery. Unresponsive, unreasonable government is his most effective campaigner.

A German employee of the Bonn consulate told me curiously: "Write to your congressman." I would if I had one but, like three

million other Americans overseas, I am unrepresented, and the two congressmen I know are quitting in disgust.

JOHN W. SHEAHAN, Arolsen, Germany.

As the U.S. presidential campaign heats up, I find myself increasingly frightened. I am a U.S. citizen who has lived in Switzerland for more than two years. I am also a Democrat and a registered voter in California. What frightens me? Not Ross Perot. Demagogues come and go. Only when they are taken seriously are they a threat.

My fear is of, and for, my fellow citizens. Somehow they have come to believe that Mr. Perot will address their individual complaints, solve their problems, ensure their futures. They know virtually nothing about the man, but they are perhaps preparing to put their futures in his hands.

Much is made of Mr. Perot's wealth, which his supporters say guarantees his independence. Give me a president who is not wealthy. A little corruption, a little greed, a little first-hand understanding of human frailty. Can that be so bad? I want a president who understands needs

and desires, not one who claims to stand above them. Mr. Perot promises a quick erosion of the freedom of the individual, a slashing down of all who do not conform to his personal set of values.

GERI SPANG, Brunnegg, Switzerland.

I found the publication of the cartoon by Conrad in your June 2 issue a disgrace. The cartoon insinuates that Ross Perot is comparable to Hitler. Shame on you for publishing it.

HUBERT CORNFELD, Culver City, California.

I hope Ross Perot wins by a landslide and his electronic "town meeting" takes power away from Congress, which has been doing the American public a disservice for decades. Now, you write a letter to some legislator and you are lucky if he or she responds. The response, if there is one, will most likely be: "Thanks, I'll keep your concerns in mind." The only views that members of Congress keep in

mind are those of lobbyists or campaign contributors.

The government is killing the country. I am for dumping the Republicans and getting on with our lives. Mr. Perot is right. This movement is not about him; it's about the state of the country. It is time for a change, and neither George Bush nor Bill Clinton are going to change anything. Nobody wants them.

MARK TAYLOR, Santa Cruz, California.

Bush, Baker and Israel

Daniel Pipes ("Bush Is No Enemy of Israel, and the Facts Show It," *Opinion*, June 10) would have us "go beyond tone and style and look at the facts," in order to realize that the Bush-Baker administration is not "bad for Israel." But it is precisely the facts that make it the most anti-Israel U.S. government since that of Dwight Eisenhower and John Foster Dulles.

The current peace-process terms were determined not by the United States, but largely by the

Likud government's resistance to pressures from the Bush administration. Since Madrid, the United States — which under Mr. Bush termed East Jerusalem part of the "occupied" territories — has been fudging its commitments, most recently by pushing representation of the Palestinian Arab "diaspora" at the Ottawa refugee talks, and momentarily even supporting an asserted general "right of return" by reviving the long-lapsed 1948 UN Resolution 194.

Mr. Pipes glosses over the United States' renegeing on its pledge to separate the loan-guarantee issue from peace-process politics. Mr. Bush and Mr. Baker, instead of acting as honest brokers, have held Russian Jewry hostage to their clear policy stance, land-for-peace (of which the demanded settlement halt is only the first step).

Mr. Bush stoked anti-Semitic fires with his calculated attack on Jewish "lobbyists," and Mr. Baker has gone beyond loan guarantees by alluding to possibly cutting cur-

rent U.S. economic and military aid to Israel.

It is no accident, Mr. Pipes's rosy account notwithstanding, that despite internal differences on Israel's territories policy, recent polls show more than 75 percent of the American Jewish community does not support Mr. Bush for re-election.

FREDERICK KRANTZ, Director, Canadian Institute for Jewish Research, Montreal.

Popes and Businessmen

I was surprised by Norman F. Cantor's defense of the Renaissance popes (*Books*, May 15) as "no more materialistic" than the business executives on the board of the Metropolitan Museum of Art. While materialism may be a useful characteristic in a business leader, it is hardly an admirable quality in the leader of a religion.

JOHN FALCK, Chicago.

Internationale Nederlanden Group

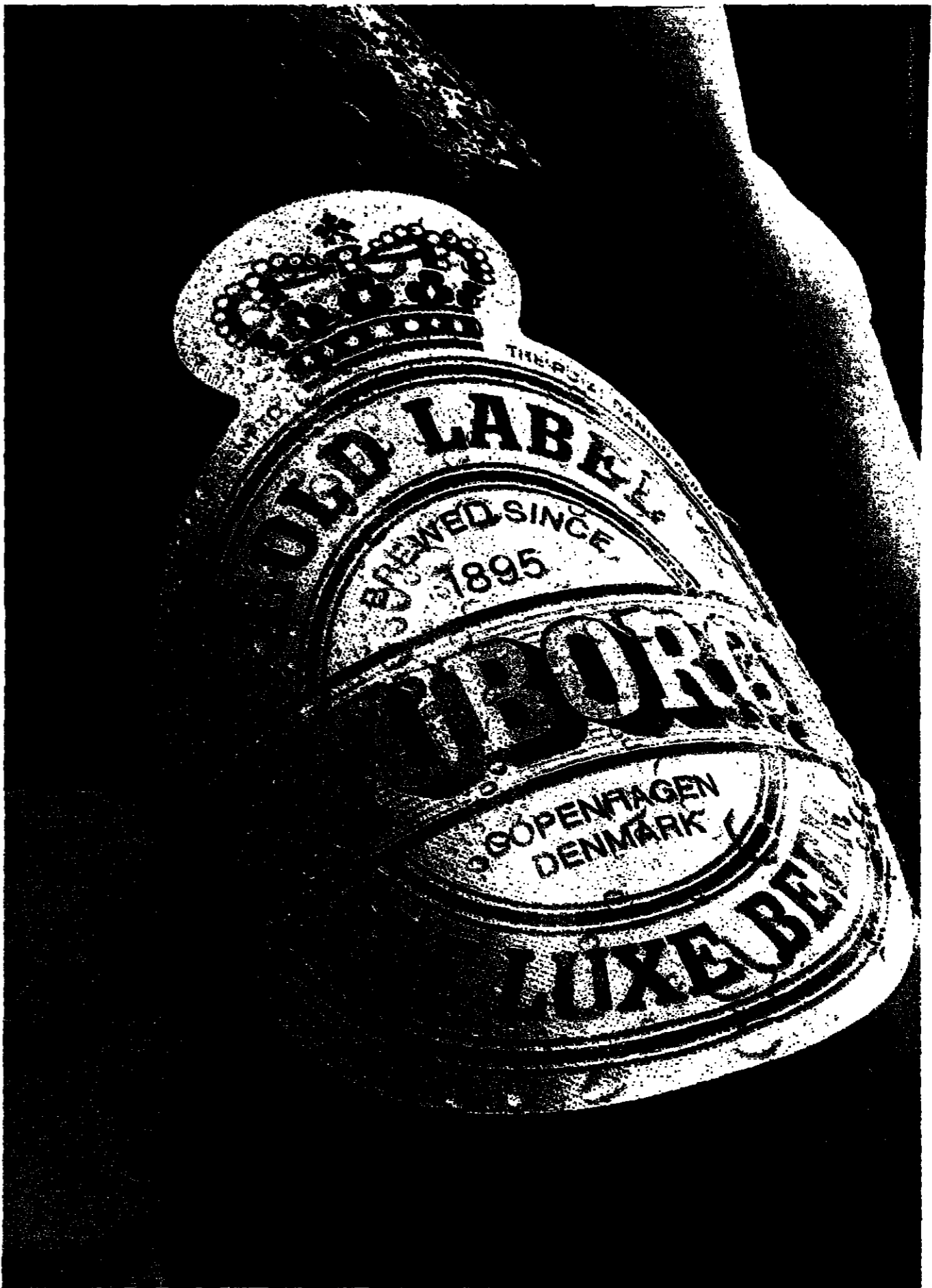
The results of Internationale Nederlanden Group for the first three months of 1992 showed a satisfactory increase. Compared with the first three months of 1991 net profit rose by 8.8% from NLG 329 million to NLG 358 million. Profit per share went up by 12% to NLG 1.49. Total assets increased by 3.6% to NLG 308.6 billion. A reasonable growth in business volume and a net profit which will at least equal the 1991 results is expected for the whole of 1992.

Amounts in Dutch guilders	First three months 1992	First three months 1991	% Change
(in millions)			
Total income	12,512	11,584	+ 8.0
Total expenditure	12,039	11,139	+ 8.1
Result before tax	473	445	+ 6.3
Net profit	358	329	+ 8.8
(in guilders)			
Net profit per share	1.49	1.33	+ 12.0
	March 31, 1992	December 31, 1991	
(in millions)			
Total assets	308,646	297,836	+ 3.6
Investments	123,359	120,105	+ 2.7
Bank lending	130,379	126,514	+ 3.1
Group capital base	16,048	15,022	+ 6.8

First quarter 1992

ING GROUP

The report for the first three months can be obtained at the following address: Internationale Nederlanden Group, P.O. Box 810, 1000 AV Amsterdam, Holland. Tel.: (+31) 20 6462201, fax: (+31) 20 6462301.



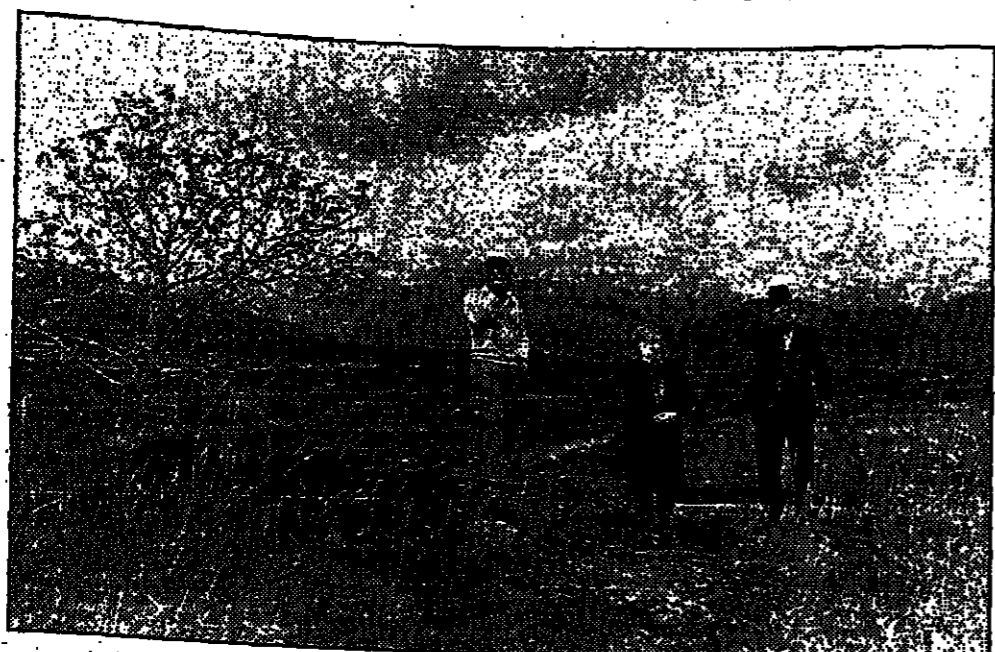
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STAGE/ENTERTAINMENT

International Herald Tribune
Wednesday, June 17, 1992
Page 7



A scene from 'Les Derniers Murrans,' soon to be shown, and Jérôme Clément, for whom 'Europe has arrived.'

It's Paris and Bonn vs. Hollywood

By John Rockwell
New York Times Service

PARIS — The French and the Germans have long been the driving forces behind European unification. Recently, the two countries announced plans for a joint military unit. Now they have started Arte, a French-German cultural television network.

by satellite and cable. For the moment, those programs reach more Germans than French. There are 10 million cable and satellite subscribers in Germany, compared with only 900,000 in France.

Italian, Swedish, Russian and even American films. More than a quarter of the budget is to be devoted to 300 hours of original programming, as well as to the preparation of bilingual versions.

Like the French-German army, Arte — which is an acronym for Association Relative à la Télévision Européenne, or Association for European Television — aims to transcend its binational beginnings, and soon.

The network's projected annual budget is \$44 million, to be split between the two countries and paid out of the subscription fees paid by all owners of television sets.

No wonder Clément seems content with the limited viewership this summer in France. "It's a tryout period for us," he said.

There is no direct precedent for Arte in Germany, although cultural programs are shown on the government-run television stations of the 11 states of the former West Germany — the East has not yet been wired for cable — and on the two national government networks, ARD and ZDF.

Whether France and Germany really need a new arts channel is open to question. La Sept was doing what was widely considered a decent job before May 30. With its abolition, French viewers can no longer see daytime cultural offerings.

WHETHER German viewers will want a heavier than usual dosage of French programming and vice versa is debatable.

Two Thousand Arabian Nights

By Mike Zwerin
International Herald Tribune

PARIS — Ozay, known by one name only, obviously considers herself above all a woman. Secondly, she thinks of herself as an artist. And she is an actress and a singer, not necessarily in that order.



Ozay: Once upon a time in Istanbul.

Let us hasten to add that she is referring to a fairy tale, "Two Thousand and One Arabian Nights," a musical comedy she is writing in which a prince discovers his true female identity and acquires a harem.

She observed rather than participated in the feminist movement because "I always prefer observation to participation."

AS she grew into a woman, men looked at her in a new way. She walked "with lunched shoulders" to hide her breasts, "a gesture I still resort to today, automatically, in certain threatening situations."

Learning German quickly, she studied theater with the actress Angela Winkler and others and landed small roles on television. At the Free University of Berlin, she learned about the American labor movement.

Reading books and seeing Western movies and plays, she suspected that she could never realize her potential as any gender on any level whatsoever in sexually repressed Turkey.

Not classically trained, Ozay's voice is above all emotional. She relies on instinct in general and, not always consciously, chooses her musicians on the basis of ethnic diversity.

LONDON THEATER

Osborne: Angry but 36 Years Older

By Sheridan Morley
International Herald Tribune

LONDON — In current Hollywood parlance, "Déjàvu" is "Look back in Anger II" or "The Return of Jimmy Porter." Thirty-six years on, the old groucher is back with his long-suffering sidekick Cliff, the ever-ironing Alison is back at her board (though now the daughter of his second marriage rather than the wife of his first), and a new Helena is back to be lusted after.

decreasing. Tony Palmer's pedestrian production has been able to attract only Peter Egan, an actor of immense efficiency but cool where he should be red-hot, and totally lacking the blazing-star charisma which Osborne has always needed.

about the housekeeper who murders an entire family of employers because they discover her illiteracy, is not the most likely subject for a chamber musical, and it is therefore lugubly to the credit of Neil Bartlett and Nicholas Bloomfield at the Lyric Hammersmith that they should have come up with a dark, brooding little show resembling nothing so strongly as "Rebecca" rewritten by Stephen Sondheim.

Nobody hates as entertainingly as Osborne, and he is here as always superbly out of key with the trendy, liberal, trans-Atlantic orthodoxy; but he seems to have become a journalist rather than a dramatist, and while welcoming him to our ranks it is more difficult to welcome him there in a theater at \$30 a ticket. Jimmy in a sailor through a random and rambling jungle of dense verbiage with no shape or purpose.

Sheila Hancock is the killer, and we are told of her crime at the outset by a manic postmistress (Bevry Klein) who also doubles as chorus. Across the next two hours we then watch her stalking her ineffectively nice, patronizing Home Counties employers until the moment comes for her to strike in a mix of class hatred and inner torment.

Advertisement for Gallery Hotel, featuring a picture of the hotel and text: "In the heart of Barcelona. Totally soundproofed. 110 rooms. 5 suites. Café del Gallery-Brasserie with a charming courtyard garden. Scotch-Bar. Meeting and banqueting facilities. Sauna. Fitness center. Solarium. Garage."



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MEDIA MARKETS

New York's Newspapers Face a Season of Change

By Alex S. Jones
New York Times Service
NEW YORK — The summer of 1992 promises to be a watershed for New York City's major daily newspapers...

Life for the News could mean death for the Post and headaches for New York Newsday.

Robert Maxwell was hailed as a savior when he acquired the News last year after a violent five-month strike, but 10 months later, when his death highlighted the unraveling of his media empire...

BY MIDSUMMER, The New York Times hopes to complete negotiations with six unions on long-term contracts that would significantly reduce labor costs and remove the last obstacle to opening a high-technology color printing plant in Edison, New Jersey...

After more than a decade of worry about its long-term survival, finding a rich new owner could make the News an odds-on favorite to survive if, as is widely believed by newspaper analysts, New York cannot support four major dailies...

See NEWS, Page 11

Taiwan Outlines Its Next Success Story

By Laurence Zuckerman
International Herald Tribune

TAIPEI — With the world's largest foreign-exchange reserves safely tucked away in the bank and hefty trade surpluses continuing to pour in, Taiwan appears to be a country that can afford to relax...

Officials say the transition is crucial if Taiwan is to maintain the rapid growth that has enriched its 20 million inhabitants and helped sustain its precarious international status since China's Kai-shek's Nationalist regime occupied the island after being defeated by China's Communists in 1949...

Tokyo's Consumers Learn How to Owe

By James Sterngold
New York Times Service

TOKYO — For years the Japanese unwavering in their devotion to thrift, regarding personal savings as a measure of national strength. Then they met credit cards...

Credit-card use is still modest by Western standards. About 200 million cards are in use in Japan, where the population is 124 million...

But the number of cards being issued, the amount of debt card holders are carrying and the number of individual bankruptcies are rising at a pace far greater than in the United States, doubling in the last year...

Korea. Having achieved enormous wealth as low-cost makers of shoes, electronics, garments and other products, these countries can no longer compete with the cheap land and labor offered by less-developed neighbors...

In Hong Kong, manufacturers have moved across the border into China's Guangdong Province, where as many as 3 million workers are employed by Hong Kong-based businesses. Singapore is expanding into Malaysia and Indonesia...

Beijing is eager to attract Taiwanese investment to advance its capitalist reforms; it also has been calling for the establishment of direct air, sea and telecommunications links. But Taiwan refuses to allow direct trade, investment or communications until the mainland renounces the possible use of force to regain sovereignty over the island and agrees to recognize it as a separate political entity...

Over 1 million Taiwanese visited the mainland last year. Ships sail from the mainland through Hong Kong's harbor long enough to exchange documents — or not at all — before making the trip north to Taiwan...

According to the Ministry of Economic Affairs, Taiwan will become the second-largest foreign investor in China in the 1990s, trailing only Hong Kong...

The growing contact alarms Taiwanese officials, who worry that the mainland will use its increasing economic clout to gain a stranglehold on the Taiwan economy and achieve by peaceful means what it has been unable to accomplish by force...

The Communist government always uses economics as the means to reach its political goals," said Kao Kung-Lian, vice chairman of the Mainland Affairs Council, a cabinet-level body that helps coordinate the government's policies regarding the mainland...

Still, Mr. Kao and other officials recognize the important economic benefits resulting from mainland trade. Despite declining demand last year due to recessions in Taiwan's major export markets in the United States and Europe, the island's economy still grew 7 percent, largely on the back of its booming trade surplus with the mainland...

As a result, the government is divided over See TAIWAN, Page 11

EC States Limit Delors Effort on Industrial Policy

By Tom Redburn and Charles Goldsmith
International Herald Tribune

Plans for Brussels to assume a stronger role in industrial policy and achieve by peaceful means what it has been unable to accomplish by force...

With each of the 12 EC governments striving to protect its pet projects in the current budget battle, the Commission's proposal to spend up to 3.5 billion European currency units (\$4.55 billion) a year on an EC "competitiveness" fund aimed at countering Japanese industry has emerged as the most vulnerable target for cost-cutters...

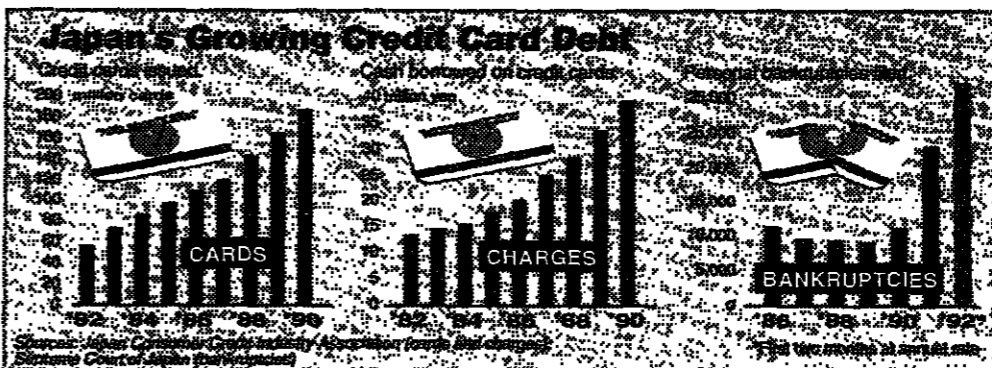
"I admit that the competitiveness proposal has not received much support," Mr. Delors conceded late Monday after a meeting of EC foreign ministers in Luxembourg. "I am surprised."

Cutting aid to industry and workers support would run counter to the long-standing positions of France and Italy, the leading advocates of active intervention by Brussels in support of business...

But French officials, while not conceding publicly that EC spending on industrial research is on the chopping block, now have other priorities that have assumed greater importance...

In the atmosphere of uncertainty caused by Denmark's rejection of the Maastricht treaty on economic and monetary union, Paris is focusing on ensuring EC support for its restless farmers and helping poorer countries like Ireland and Spain win public backing for further European integration...

For the French government, it's really a process of elimination," said an EC budget official in Brussels. "France wants to save money somewhere, but it's not about to support any cuts in farm spending..."



where credit card use is rampant, there are so many blacks and so on who think nonchalantly. 'We're bankrupt, so from tomorrow on we just don't have to pay anything back...'

Japan's savings rate remains extremely high by international standards, at about 13.5 percent. But that is down significantly from 18 percent in 1981. By contrast, Americans in recent months have been saving about 5 percent of their disposable income...

Many Japanese business executives, while noting the enthusiasm with which the Japanese are embracing consumption, say the policies of the credit card companies are a big part of the problem...

See CARDS, Page 11

CURRENCY RATES

Table with columns for currency, rate, and date. Includes entries for Amsterdam, Brussels, Frankfurt, London, Madrid, New York, Paris, Tokyo, Zurich, and SDR.

Table with columns for currency, rate, and date. Includes entries for Argentina, Australia, Austria, British CMA, Chinese yuan, Danish krone, French franc, and Pta.

Table with columns for currency, rate, and date. Includes entries for 30-day, 60-day, 90-day, and 1-year forward rates.

Sources: Reuters Bank (Amsterdam); Reuters Bank (Brussels); Banca Commerciale Italiana (Milan); Societe Generale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

INTEREST RATES

Table with columns for Eurocurrency deposits, rate, and date. Includes entries for 1 month, 3 months, 6 months, and 1 year.

Table with columns for Key Money Rates, rate, and date. Includes entries for United States, discount rate, prime rate, and various Treasury bills.

Table with columns for Asian Dollar Deposits, rate, and date. Includes entries for 1 month, 3 months, 6 months, and 1 year.

Table with columns for U.S. Money Market Funds, rate, and date. Includes entries for Merrill Lynch Ready Assets, 30-day average yield, and Telerate interest rate index.

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Citicorp, Credit Lyonnais.

Housing and Output Show Strength in U.S.

By Lawrence Malkin
International Herald Tribune

NEW YORK — The government reported Tuesday strong improvement in housing and a steady increase in industrial production in May, but not enough to help push the economy beyond its grindingly slow recovery...

"We can't seem to get out of second gear," said Cynthia Latta, a DRI/McGraw Hill senior economist. The data did not have much effect on the stock and currency markets, but a private report of a drop in retail sales in mid-June helped push bond prices higher...

The dollar rose slightly at the start of trading, but then lost the day's gains to end lower. Blue chips on Wall Street fell late in the day, and the Dow Jones industrial average ended 25.41 lower...

Although the Commerce Department said housing starts rose by 11 percent in May, this represented less than a total recovery from April's huge drop of 17.3 percent, which had dramatically persuaded most forecasters of the tentative nature of the recovery...

The May increase in the construction of single-family homes to an annual rate of 1.23 million was the largest since the post-Gulf War rise of 19 percent in February 1991. But housing analysts suspected that the market had plateaued and accomplished about as much as it would in its traditional role of leading the expansion...

David Seiders, chief economist of the National Association of Homebuilders, said his organization's private surveys seemed to extend the sluggish pattern of new residential building into June. One reason was that much of the pent-up demand was released earlier this year by lower interest rates, which now are believed to be close to their lows in this economic cycle...

"The housing market has lost its upward momentum, and we see only gradual increases ahead. To do better than that, we need more job growth and the confidence that comes with it," Mr. Seiders said. "In a way this is predictably boring, but it is also scary because it shows the economy is fragile..."

Industrial production, meanwhile, rose 0.06 percent in May, its fourth consecutive monthly increase and the first time it has improved for that long a period since last summer. The Federal Reserve Board, which compiles the data, said they were led by durable goods such as cars and home appliances, which surged 1.2 percent. Nondurables...

See ECONOMY, Page 10

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MARKET DIARY

Positive U.S. Data Fail to Lift Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell Tuesday despite signs that the U.S. economy may be picking up steam. Traders shrugged off signs of higher housing starts and industrial production and focused instead on gains in the bond market, which portended lower interest rates. U.S. bonds rose following comments by the Federal Reserve Board chairman, Alan Greenspan, that the U.S. inflation rate had dropped below 4 percent and could fall more. "People are very bearish on the dollar," said John Duffy, a trader at Bayerische Vereinsbank AG, even though it could turn around if economic indicators continue to be positive. "There's no real reason to be selling dollars," he added. The Commerce Department said that U.S. housing starts rose 11 percent in May, while the Fed said industrial production gained 0.6 percent in the same month. Traders said the dollar was unlikely to rise against the Deutsche

mark before Ireland's referendum Thursday on European monetary union. The dollar closed at 1.5638 Deutsche marks, down from 1.5708 on Monday, and at 126.450 yen, down from 126.830. It also finished at 1.4050 Swiss francs, up from 1.4150, and at 2.5650 French francs, after 5.2905. The pound rose to \$1.8648, compared with \$1.8568. Earlier in London, the dollar ended mixed, having relinquished most of its early gains in late trading. As trading ended, the dollar was at 1.5706 DM, up from 1.5695. The dollar was at 126.79 yen, up from 126.70, and at 5.2905 French francs, up from 5.2900. The pound rose, however, to \$1.8600 from \$1.8585. Firmer Swiss money rates and a perception that the franc is relatively isolated from the Maasricht muddle lifted it strongly Monday and investors were back Tuesday afternoon. The dollar dropped to 1.4085 Swiss francs from 1.4137. (Reuters, Bloomberg)

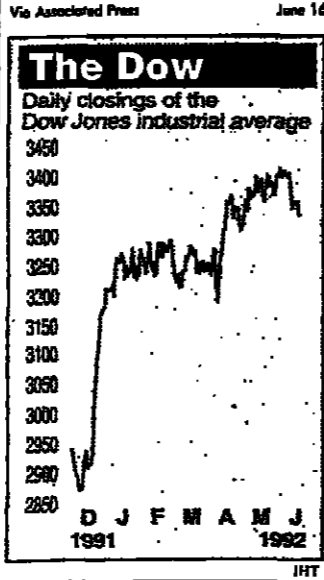


Table with columns: Vol, High, Low, Last, Chg. for NYSE Most Active stocks including IBM, AT&T, and others.

Table titled 'Dow Jones Averages' showing indices for Industrials, Chemicals, Utilities, and others.

Table titled 'Standard & Poor's Indexes' showing various market indices.

Table titled 'NYSE Indexes' showing market performance metrics.

Table titled 'NASDAQ Indexes' showing technology and growth stock indices.

Table titled 'AMEX Stock Index' showing American Exchange market data.

ECONOMY: Strong U.S. Data

(Continued from first finance page) such as chemicals and textiles, rose only 0.1 percent. The Fed said production of motor vehicles, the largest U.S. industry, was notably strong in May. Sales continued strongly in June, with manufacturers reporting that sales of cars and light trucks rose by 4.2 percent early this month, the third consecutive 10-day period in which sales exceeded those of last year. Auto sales ran at an annual rate of 6.6 billion for May after hovering at the 6 billion level for about a year. Taking together all these manufacturing indicators, Debbie Johnston of C.I. Lawrence Inc. forecast that they would offset the weakness in the service sectors and produce 2 percent growth in output for the rest of the year. The principal uncertainty was whether the first-quarter cycle of increased production would repeat itself later in the year. "What we can't know is whether companies can sell the stuff after it's been made," Ms. Latta said. "Industry is adding hours to keep up production but not adding new workers, and that means slow growth in incomes and purchasing power later this year." The Commerce Department also reported that the U.S. current-account deficit, the broadest measure of the country's foreign trade, shrank to \$5.3 billion in the first quarter from \$7.22 billion during the last quarter of 1991. The main reasons for the strong improvement were already known: cheaper imported oil, which helped cut \$1 billion from the merchandise

trade deficit, to \$17.5 billion; a \$1.1 billion increase in services, to a surplus of \$14.2 billion, mainly because more foreign tourists are taking advantage of the cheap dollar, and a \$2.2 billion increase in the surplus on investments, to \$4.7 billion, mainly because of higher overseas earnings by American banks. Government transfers for foreign aid and pensions rose to \$6.7 billion, returning to normal as foreign payments wound down for the Gulf War, which had temporarily and unnaturally moved the current account into surplus for the first time in almost a decade. Dow Drops in Late Trade Prices on the New York Stock Exchange ended lower on Tuesday after a barrage of computer-driven sell orders late in the day, reported. The Dow Jones industrial average ended 25.41 lower, at 3,329.49. Declining issues outpaced gainers by more than a 4-to-3 ratio.

Table titled 'AMEX Most Active' showing active stocks on the American Exchange.

Table titled 'NYSE Diary' showing daily market activity.

Table titled 'Amex Diary' showing activity on the American Exchange.

Table titled 'NASDAQ Diary' showing activity on the NASDAQ market.

Table titled 'Dow Jones Bond Averages' showing bond market performance.

Table titled 'Market Sales' showing trading volume for various sectors.

Table titled 'N.Y.S.E. Odd-Lot Trading' showing odd-lot trading statistics.

Table titled 'S&P 100 Index Options' showing options data for the S&P 100.

EUROPEAN FUTURES

Table showing European futures prices for Food and other categories.

Table showing European futures prices for Industrials.

Table showing European futures prices for Metals.

Table showing European futures prices for Energy.

Table showing European futures prices for Grains.

Table showing European futures prices for Cotton.

Table showing European futures prices for Oil.

Table showing European futures prices for Silver.

Table showing European futures prices for Gold.

U.S. FUTURES

Table showing U.S. futures prices for Grains.

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Table showing U.S. futures prices for Gold.

Playtex Switches Contract to Saatchi

NEW YORK (AP) — Playtex Apparel Inc., the lingerie maker, said Tuesday it had selected Saatchi & Saatchi Advertising Worldwide to handle its advertising business, formally severing its ties of two decades with Grey Advertising. Playtex Apparel said it expected to spend \$40 million on advertising in the United States and Europe this year for such brands as its 18-Hour and Cross Your Heart bras. The company decided to change agencies after it was acquired by Sara Lee Corp. in November. Sara Lee wanted Playtex to give its ad business to one of the three agencies that already work for Sara Lee. Saatchi competed with Interpublic Agency and Leo Burnett for the \$15 million U.S. account, and with Linas and FCB-Publicis for the \$25 million European business.

Loss at Macy Doubled in 3d Quarter

NEW YORK (Combined Dispatches) — R. H. Macy & Co.'s net loss more than doubled, to \$225.9 million, for the third quarter, its first in bankruptcy protection. In the same quarter last year, Macy's had a \$100.9 million shortfall. Sales for the troubled department store chain slipped 5.8 percent, to \$1.31 billion from \$1.39 billion. Macy executives linked the loss to the \$391 million it spent to reorganize and to close stores. Macy's sought protection from its creditors on Jan. 27 and has closed a number of stores. The retail department store chain did not provide figures for the nine-month period. (Reuters, Bloomberg)

Tyson Foods Acquires Fish Company

SPRINGDALE, Arkansas (AP) — Tyson Foods Inc., the largest poultry company in the United States, has agreed to acquire Arctic Alaska Fisheries Corp. of Seattle for \$212.4 million in cash and stock. The deal represents Tyson's first foray into fish. The boards of both companies have approved the deal, which must still be approved by two-thirds of Arctic's common stock holders and by regulators. Tyson said Arctic operates 31 boats off Alaska, Oregon and California. It has two reprocessing plants in Seattle, processing plants in Oregon, British Columbia and China, and an Idaho-based aquaculture enterprise.

Hilton Is High Bidder for Bally Casino

CAMDEN, New Jersey (Combined Dispatches) — Hilton Hotels Corp. was left as the sole bidder for Bally Manufacturing Corp.'s gaming hall in Reno, Nevada, after the company raised its offer to \$83 million in a bankruptcy court here that is supervising Bally's Grand Inc., which sought protection from its creditors in November. (AP, Bloomberg)

For the Record

J. Michael Durie, 54, has been named president of General Motors Japan, effective July 1. General Motors Corp. announced Tuesday that he succeeds Richard R. Johnson, who is retiring after 35 years at GM. (UPI) Hughes Aircraft Co. said Tuesday it would ask a federal court jury's verdict that it had conspired to defraud the government by faking tests on electronic components be set aside. Digital Equipment Corp. said Tuesday it acquired Basy Automation Systems Inc., a maker of broadcast automation equipment, from Independent Television News Ltd. of Britain. Terms were not disclosed. (Reuters) Matsushita Electric Industrial Co. has filed with the Securities and Exchange Commission to sell \$1 billion of bonds to repay debt issued when the company refinanced its acquisition of MCA Inc. (Bloomberg) Steven Wymer, who is in prison awaiting trial in September on charges that he took \$113 million from a fund he managed, has agreed to be permanently barred from the industry under a settlement with the Securities and Exchange Commission disclosed Tuesday. (Bloomberg)

BUDGET: Trimming EC's Industrial Policy Plans

(Continued from first finance page) cent of the Community's total economic output, from 1.2 percent. Under the 1993-1997 spending blueprint offered in February, the EC Commission wanted to allocate as much as 1.5 billion European currency units (\$1.96 billion) for industrial research and development, and 1 billion Ecu each for worker training and trans-Europe-

an networks in energy, communications and transport. Industrial research is popular among EC political leaders. But Brussels has little to show for high-profile industrial policy efforts over the past few years. The most vulnerable target for the budget-cutters' ax is the training fund. Officials expect most of the aid for transportation and other infrastructure projects to survive and

hope to preserve as much as possible of the money for industrial research. U.K. Undecided on Delors Prime Minister John Major said Tuesday that the British government had not yet decided whether to back Mr. Delors for reappointment. Reuters reported from London. Government ministers have said privately there appears no alternative to Mr. Delors, 66.

an networks in energy, communications and transport. Industrial research is popular among EC political leaders. But Brussels has little to show for high-profile industrial policy efforts over the past few years. The most vulnerable target for the budget-cutters' ax is the training fund. Officials expect most of the aid for transportation and other infrastructure projects to survive and

WORLD STOCK MARKETS

Table showing world stock market indices for various cities including Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Singapore, Stockholm, Toronto, Zurich, and others.

Table showing world stock market indices for various cities including Sydney, Tokyo, and others.

U.S. FUTURES

Table showing U.S. futures prices for Grains, Metals, Energy, and other categories.

U.S. / AT THE CLOSE

Table showing U.S. market data including stock indices, commodity prices, and other financial information.

Large advertisement on the right side of the page with text: 'Profit Ch...', 'At Nation...', 'Privatization...', 'BT Incurs Big Ch...', 'NEWS: Summer Changes', 'In: T...', 'Out:'. Includes a small image of a person's face.

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Profit Climbs 18% At National Power Privatization Debate Grows

Compiled by Our Staff From Dispatches
LONDON — National Power PLC, Britain's largest electricity generation company, announced Tuesday an 18 percent jump in annual pretax profit and said it would eliminate 2,400 jobs.

The announcement fueled the controversy surrounding heavy profit increases reported by Britain's recently privatized electrical and water utilities. The opposition Labor and Liberal Democratic parties assailed the Conservative government over the results.

National Power's pretax profit for the year to the end of March — the first full year since privatization — rose to £514 million (\$954.7 million) from £434 million. Revenue was £4.7 billion, up 6.8 percent.

Earnings per share rose to 28.63 pence from 23.64 pence and the company declared a final dividend of 0.1 pence, up from 8.25 pence.

The job losses, which National Power attributed to efficiency gains, come on top of more than 3,000 job cuts in the last financial year. They will reduce National Power's workforce to under 9,000 from 11,400, the company said. At the time of privatization 18 months ago, the company employed 17,000 workers.

The results coincided with an announcement by a regional electricity distribution company, Norweb PLC, that its annual pretax profit nearly doubled, to £137.9 million from £70.3 million.

Earlier this month Powergen, another privatized electricity generating company, had reported a profit increase of 32 percent.

National Power said that despite plant closures by both it and Powergen, the volume of new plants planned by the industry suggests a large surplus of capacity will continue. It said it was therefore likely further substantial plant closures will be required.

National Power said it made provisions of £101 million against 1992-93 loss to plant rationalization and staff realignment.

Labor's energy spokesman, Frank Dobson, said: "The whole thing has become a racket. All this makes a mockery of government claims this industry is properly regulated."

A Liberal Democrat spokesman, Malcolm Bruce, said it was "immoral they can make these fat profits while creating misery for thousands of their workers to be thrown out of a job."

(Reuters, AFP, AFP)

Lufthansa And JAL Get Control Of DHL

Compiled by Our Staff From Dispatches
TOKYO — Lufthansa German Airlines and Japan Air Lines Co. have each taken a 25.001 percent stake in DHL International, gaining control of the largest international courier service.

In December 1990, Lufthansa and JAL each took a 5 percent stake and the Japanese trading house Nissho Iwai Corp. took a 2.5 percent stake in DHL's Asian and European holding companies. At that time, all three received options to increase their stakes in DHL.

Nissho Iwai is also raising its stake in DHL International, to 7.5 percent, JAL said.

The financial details of the purchase have not been disclosed.

According to DHL data, it expects revenues of \$1 billion in Europe in 1992, and it forecasts annual average growth of 20 percent in the European and Asian markets until 1995.

"Lufthansa wants to gain with this step a larger foothold in the rapidly growing express and door-to-door courier service and to improve services to its customers through an expansion of its product range," Lufthansa said in a statement.

Lufthansa said it decided to take up its option for a larger stake in DHL because of "the excellent results from DHL."

The German airline said that it had developed a successful same-day delivery service for goods and documents with DHL and that it would expand that service throughout Europe.

Lufthansa and JAL have been cooperating on freight and passenger services since 1969.

(AFP, Reuters)

EC Industry Agrees to HDTV Plan

Agence France-Press
BRUSSELS — Thirty-eight major operators in the European Community's television industry have agreed to promote the European MAC standard of high-definition television, EC officials said Tuesday.

Broadcasters, cable and satellite operators and makers of television equipment, signed a memorandum of understanding by which they will get EC aid if they use the community's new standard for TV satellite broadcasts.

Signatories include some of Europe's major broadcasters, including BSkyB, BBC World Television Service and Thames Television of Britain, Antenne 2 and Canal Plus of France, RAI of Italy and ARD and ZDF of Germany. The agreement is voluntary. The EC Commission has given up efforts to make it legally binding.

The commissioner for telecommunications, Filippo Maria Pandolfi, said the accord was "an important step toward high-definition television in Europe."

The EC Commission wants to encourage the interim D2-MAC standard for widescreen television — which provides an improved picture halfway to HDTV quality — so electronics makers can start selling widescreen sets immediately.

Three European electronics manufacturers — Philips NV, Thomson SA and Nokia Oy — have invested heavily in the MAC system, but cannot find buyers for their widescreen TV sets because there are hardly any broadcasts in the new standard. The companies that signed the memorandum will have access to EC funds if they start producing and broadcasting programs in the new standard.

The commission has proposed 850 million Ecu (\$1.1 billion) to fund the changeover by 1996. But this must still be approved at an EC ministerial meeting in November.

Investor's Europe					
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40			
1992	1992	1992	1992	1992	1992
1800	2700	2100	1900	1700	1500
1700	2600	2000	1800	1600	1400
1600	2500	1900	1700	1500	1300
1500	2400	1800	1600	1400	1200
1400	2300	1700	1500	1300	1100
1300	2200	1600	1400	1200	1000
1200	2100	1500	1300	1100	900
1100	2000	1400	1200	1000	800
1000	1900	1300	1100	900	700
900	1800	1200	1000	800	600
800	1700	1100	900	700	500
700	1600	1000	800	600	400
600	1500	900	700	500	300
500	1400	800	600	400	200
400	1300	700	500	300	100
300	1200	600	400	200	0
200	1100	500	300	100	-100
100	1000	400	200	0	-200
0	900	300	100	-100	-300
-100	800	200	0	-200	-400
-200	700	100	-100	-300	-500
-300	600	0	-200	-400	-600
-400	500	-100	-300	-500	-700
-500	400	-200	-400	-600	-800
-600	300	-300	-500	-700	-900
-700	200	-400	-600	-800	-1000
-800	100	-500	-700	-900	-1100
-900	0	-600	-800	-1000	-1200
-1000	-100	-700	-900	-1100	-1300
-1100	-200	-800	-1000	-1200	-1400
-1200	-300	-900	-1100	-1300	-1500
-1300	-400	-1000	-1200	-1400	-1600
-1400	-500	-1100	-1300	-1500	-1700
-1500	-600	-1200	-1400	-1600	-1800
-1600	-700	-1300	-1500	-1700	-1900
-1700	-800	-1400	-1600	-1800	-2000
-1800	-900	-1500	-1700	-1900	-2100
-1900	-1000	-1600	-1800	-2000	-2200
-2000	-1100	-1700	-1900	-2100	-2300
-2100	-1200	-1800	-2000	-2200	-2400
-2200	-1300	-1900	-2100	-2300	-2500
-2300	-1400	-2000	-2200	-2400	-2600
-2400	-1500	-2100	-2300	-2500	-2700
-2500	-1600	-2200	-2400	-2600	-2800
-2600	-1700	-2300	-2500	-2700	-2900
-2700	-1800	-2400	-2600	-2800	-3000
-2800	-1900	-2500	-2700	-2900	-3100
-2900	-2000	-2600	-2800	-3000	-3200
-3000	-2100	-2700	-2900	-3100	-3300
-3100	-2200	-2800	-3000	-3200	-3400
-3200	-2300	-2900	-3100	-3300	-3500
-3300	-2400	-3000	-3200	-3400	-3600
-3400	-2500	-3100	-3300	-3500	-3700
-3500	-2600	-3200	-3400	-3600	-3800
-3600	-2700	-3300	-3500	-3700	-3900
-3700	-2800	-3400	-3600	-3800	-4000
-3800	-2900	-3500	-3700	-3900	-4100
-3900	-3000	-3600	-3800	-4000	-4200
-4000	-3100	-3700	-3900	-4100	-4300
-4100	-3200	-3800	-4000	-4200	-4400
-4200	-3300	-3900	-4100	-4300	-4500
-4300	-3400	-4000	-4200	-4400	-4600
-4400	-3500	-4100	-4300	-4500	-4700
-4500	-3600	-4200	-4400	-4600	-4800
-4600	-3700	-4300	-4500	-4700	-4900
-4700	-3800	-4400	-4600	-4800	-5000
-4800	-3900	-4500	-4700	-4900	-5100
-4900	-4000	-4600	-4800	-5000	-5200
-5000	-4100	-4700	-4900	-5100	-5300
-5100	-4200	-4800	-5000	-5200	-5400
-5200	-4300	-4900	-5100	-5300	-5500
-5300	-4400	-5000	-5200	-5400	-5600
-5400	-4500	-5100	-5300	-5500	-5700
-5500	-4600	-5200	-5400	-5600	-5800
-5600	-4700	-5300	-5500	-5700	-5900
-5700	-4800	-5400	-5600	-5800	-6000
-5800	-4900	-5500	-5700	-5900	-6100
-5900	-5000	-5600	-5800	-6000	-6200
-6000	-5100	-5700	-5900	-6100	-6300
-6100	-5200	-5800	-6000	-6200	-6400
-6200	-5300	-5900	-6100	-6300	-6500
-6300	-5400	-6000	-6200	-6400	-6600
-6400	-5500	-6100	-6300	-6500	-6700
-6500	-5600	-6200	-6400	-6600	-6800
-6600	-5700	-6300	-6500	-6700	-6900
-6700	-5800	-6400	-6600	-6800	-7000
-6800	-5900	-6500	-6700	-6900	-7100
-6900	-6000	-6600	-6800	-7000	-7200
-7000	-6100	-6700	-6900	-7100	-7300
-7100	-6200	-6800	-7000	-7200	-7400
-7200	-6300	-6900	-7100	-7300	-7500
-7300	-6400	-7000	-7200	-7400	-7600
-7400	-6500	-7100	-7300	-7500	-7700
-7500	-6600	-7200	-7400	-7600	-7800
-7600	-6700	-7300	-7500	-7700	-7900
-7700	-6800	-7400	-7600	-7800	-8000
-7800	-6900	-7500	-7700	-7900	-8100
-7900	-7000	-7600	-7800	-8000	-8200
-8000	-7100	-7700	-7900	-8100	-8300
-8100	-7200	-7800	-8000	-8200	-8400
-8200	-7300	-7900	-8100	-8300	-8500
-8300	-7400	-8000	-8200	-8400	-8600
-8400	-7500	-8100	-8300	-8500	-8700
-8500	-7600	-8200	-8400	-8600	-8800
-8600	-7700	-8300	-8500	-8700	-8900
-8700	-7800	-8400	-8600	-8800	-9000
-8800	-7900	-8500	-8700	-8900	-9100
-8900	-8000	-8600	-8800	-9000	-9200
-9000	-8100	-8700	-8900	-9100	-9300
-9100	-8200	-8800	-9000	-9200	-9400
-9200	-8300	-8900	-9100	-9300	-9500
-9300	-8400	-9000	-9200	-9400	-9600
-9400	-8500	-9100	-9300	-9500	-9700
-9500	-8600	-9200	-9400	-9600	-9800
-9600	-8700	-9300	-9500	-9700	-9900
-9700	-8800	-9400	-9600	-9800	-10000
-9800	-8900	-9500	-9700	-9900	-10100
-9900	-9000	-9600	-9800	-10000	-10200
-10000	-9100	-9700	-9900	-10100	-10300
-10100	-9200	-9800	-10000	-10200	-10400
-10200	-9300	-9900	-10100	-10300	-10500
-10300	-9400	-10000	-10200	-10400	-10600
-10400	-9500	-10100	-10300	-10500	-10700
-10500	-9600	-10200	-10400	-10600	-10800
-10600	-9700	-10300	-10500	-10700	-10900
-10700	-9800	-10400	-10600	-10800	-11000
-10800	-9900	-10500	-10700	-10900	-11100
-10900	-10000	-10600	-10800	-11000	-11200
-11000	-10100	-10700	-10900	-11100	-11300
-11100	-10200	-10800	-11000	-11200	-11400
-11200	-10300	-10900	-11100	-11300	-11500
-11300	-10400	-11000	-11200	-11400	-11600
-11400	-10500	-11100	-11300	-11500	-11700
-11500	-10600	-11200	-11400	-11600	-11800
-11600	-10700	-11300	-11500	-11700	-11900
-11700	-10800	-11400	-11600	-11800	-12000
-11800	-10900	-11500	-11700	-11900	-12100
-11900	-11000	-11600	-11800	-12000	-12200
-12000	-11100	-11700	-11900	-12100	-12300
-12100	-11200	-11800	-12000	-12200	-12400
-12200	-11300	-11900	-12100	-12300	-12500
-12300	-11400	-12000	-12200	-12400	-12600
-12400	-11500	-12100	-12300	-12500	-12700
-12500	-11600	-12200	-12400	-12600	-12800
-12600	-11700	-12300	-12500	-12700	-12900
-12700	-11800	-12400	-12600	-12800	-13000
-12800	-11900	-12500	-12700	-12900	-13100
-12900	-12000	-12600	-12800	-13000	-13200
-13000	-12100	-12700	-12900	-13100	-13300
-13100	-12200	-12800	-13000	-13200	-13400
-13200	-12300	-12900	-13100	-13300	-13500
-13300	-12400	-13000	-13200	-13400	-13600
-13400	-12500	-13100	-13300	-13500	-13700
-13500	-				

NASDAQ

Tuesday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

17 Month	High	Low	Stock	Div	Yld P/E	1992 High	Low	1991 P/A	Chg
17	110	105	AA	0.00	10	110	105	105	0
17	105	100	AA	0.00	10	105	100	100	0
17	100	95	AA	0.00	10	100	95	95	0
17	95	90	AA	0.00	10	95	90	90	0
17	90	85	AA	0.00	10	90	85	85	0
17	85	80	AA	0.00	10	85	80	80	0
17	80	75	AA	0.00	10	80	75	75	0
17	75	70	AA	0.00	10	75	70	70	0
17	70	65	AA	0.00	10	70	65	65	0
17	65	60	AA	0.00	10	65	60	60	0
17	60	55	AA	0.00	10	60	55	55	0
17	55	50	AA	0.00	10	55	50	50	0
17	50	45	AA	0.00	10	50	45	45	0
17	45	40	AA	0.00	10	45	40	40	0
17	40	35	AA	0.00	10	40	35	35	0
17	35	30	AA	0.00	10	35	30	30	0
17	30	25	AA	0.00	10	30	25	25	0
17	25	20	AA	0.00	10	25	20	20	0
17	20	15	AA	0.00	10	20	15	15	0
17	15	10	AA	0.00	10	15	10	10	0
17	10	5	AA	0.00	10	10	5	5	0
17	5	0	AA	0.00	10	5	0	0	0

AMEX

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

17 Month	High	Low	Stock	Div	Yld P/E	1992 High	Low	1991 P/A	Chg
17	110	105	AA	0.00	10	110	105	105	0
17	105	100	AA	0.00	10	105	100	100	0
17	100	95	AA	0.00	10	100	95	95	0
17	95	90	AA	0.00	10	95	90	90	0
17	90	85	AA	0.00	10	90	85	85	0
17	85	80	AA	0.00	10	85	80	80	0
17	80	75	AA	0.00	10	80	75	75	0
17	75	70	AA	0.00	10	75	70	70	0
17	70	65	AA	0.00	10	70	65	65	0
17	65	60	AA	0.00	10	65	60	60	0
17	60	55	AA	0.00	10	60	55	55	0
17	55	50	AA	0.00	10	55	50	50	0
17	50	45	AA	0.00	10	50	45	45	0
17	45	40	AA	0.00	10	45	40	40	0
17	40	35	AA	0.00	10	40	35	35	0
17	35	30	AA	0.00	10	35	30	30	0
17	30	25	AA	0.00	10	30	25	25	0
17	25	20	AA	0.00	10	25	20	20	0
17	20	15	AA	0.00	10	20	15	15	0
17	15	10	AA	0.00	10	15	10	10	0
17	10	5	AA	0.00	10	10	5	5	0
17	5	0	AA	0.00	10	5	0	0	0

17 Month	High	Low	Stock	Div	Yld P/E	1992 High	Low	1991 P/A	Chg
17	110	105	AA	0.00	10	110	105	105	0
17	105	100	AA	0.00	10	105	100	100	0
17	100	95	AA	0.00	10	100	95	95	0
17	95	90	AA	0.00	10	95	90	90	0
17	90	85	AA	0.00	10	90	85	85	0
17	85	80	AA	0.00	10	85	80	80	0
17	80	75	AA	0.00	10	80	75	75	0
17	75	70	AA	0.00	10	75	70	70	0
17	70	65	AA	0.00	10	70	65	65	0
17	65	60	AA	0.00	10	65	60	60	0
17	60	55	AA	0.00	10	60	55	55	0
17	55	50	AA	0.00	10	55	50	50	0
17	50	45	AA	0.00	10	50	45	45	0
17	45	40	AA	0.00	10	45	40	40	0
17	40	35	AA	0.00	10	40	35	35	0
17	35	30	AA	0.00	10	35	30	30	0
17	30	25	AA	0.00	10	30	25	25	0
17	25	20	AA	0.00	10	25	20	20	0
17	20	15	AA	0.00	10	20	15	15	0
17	15	10	AA	0.00	10	15	10	10	0
17	10	5	AA	0.00	10	10	5	5	0
17	5	0	AA	0.00	10	5	0	0	0

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NYSE

Tuesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Stock	Div. Yld	PE	High	Low	P.A. Chg
IBM	4.8	12.5	115 1/4	114 1/4	+1/4
Microsoft	0	18.5	54 1/4	53 1/4	+1/4
Apple	0	15.5	38 1/4	37 1/4	+1/4
Oracle	0	14.5	28 1/4	27 1/4	+1/4
Novell	0	13.5	22 1/4	21 1/4	+1/4
Lotus	0	12.5	18 1/4	17 1/4	+1/4
Intuit	0	11.5	14 1/4	13 1/4	+1/4
Visa	0	10.5	11 1/4	10 1/4	+1/4
MasterCard	0	9.5	9 1/4	8 1/4	+1/4
Amgen	0	8.5	7 1/4	6 1/4	+1/4
Genentech	0	7.5	6 1/4	5 1/4	+1/4
Amgen	0	6.5	5 1/4	4 1/4	+1/4
Genentech	0	5.5	4 1/4	3 1/4	+1/4
Amgen	0	4.5	3 1/4	2 1/4	+1/4
Genentech	0	3.5	2 1/4	1 1/4	+1/4

Stock	Div. Yld	PE	High	Low	P.A. Chg
IBM	4.8	12.5	115 1/4	114 1/4	+1/4
Microsoft	0	18.5	54 1/4	53 1/4	+1/4
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Novell	0	13.5	22 1/4	21 1/4	+1/4
Lotus	0	12.5	18 1/4	17 1/4	+1/4
Intuit	0	11.5	14 1/4	13 1/4	+1/4
Visa	0	10.5	11 1/4	10 1/4	+1/4
MasterCard	0	9.5	9 1/4	8 1/4	+1/4
Amgen	0	8.5	7 1/4	6 1/4	+1/4
Genentech	0	7.5	6 1/4	5 1/4	+1/4
Amgen	0	6.5	5 1/4	4 1/4	+1/4
Genentech	0	5.5	4 1/4	3 1/4	+1/4
Amgen	0	4.5	3 1/4	2 1/4	+1/4
Genentech	0	3.5	2 1/4	1 1/4	+1/4

Stock	Div. Yld	PE	High	Low	P.A. Chg
IBM	4.8	12.5	115 1/4	114 1/4	+1/4
Microsoft	0	18.5	54 1/4	53 1/4	+1/4
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Novell	0	13.5	22 1/4	21 1/4	+1/4
Lotus	0	12.5	18 1/4	17 1/4	+1/4
Intuit	0	11.5	14 1/4	13 1/4	+1/4
Visa	0	10.5	11 1/4	10 1/4	+1/4
MasterCard	0	9.5	9 1/4	8 1/4	+1/4
Amgen	0	8.5	7 1/4	6 1/4	+1/4
Genentech	0	7.5	6 1/4	5 1/4	+1/4
Amgen	0	6.5	5 1/4	4 1/4	+1/4
Genentech	0	5.5	4 1/4	3 1/4	+1/4
Amgen	0	4.5	3 1/4	2 1/4	+1/4
Genentech	0	3.5	2 1/4	1 1/4	+1/4

Stock	Div. Yld	PE	High	Low	P.A. Chg
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Oracle	0	14.5	28 1/4	27 1/4	+1/4
Novell	0	13.5	22 1/4	21 1/4	+1/4
Lotus	0	12.5	18 1/4	17 1/4	+1/4
Intuit	0	11.5	14 1/4	13 1/4	+1/4
Visa	0	10.5	11 1/4	10 1/4	+1/4
MasterCard	0	9.5	9 1/4	8 1/4	+1/4
Amgen	0	8.5	7 1/4	6 1/4	+1/4
Genentech	0	7.5	6 1/4	5 1/4	+1/4
Amgen	0	6.5	5 1/4	4 1/4	+1/4
Genentech	0	5.5	4 1/4	3 1/4	+1/4
Amgen	0	4.5	3 1/4	2 1/4	+1/4
Genentech	0	3.5	2 1/4	1 1/4	+1/4

(Continued on next page)

Thinking is more than just sitting ...



Understanding our eating habits requires a very close involvement in all forms of human activity.

Mental effort and a sedentary life-style demand nutrition to sustain thought without the tiredness that heavy foods can give.

Good food is more than taste and convenience: it must give the right nutrients in the right proportions, with calorie level and absorption rate appropriate to the activity.

As the largest food company in the world we must be concerned with food problems in their widest sense, and, by extension, have a close interest in all forms of human activity. This, in the end, is what makes Nestle products more than just food.

Nestle more than just the world's largest food company.

CAMEL

TURKISH & AMERICAN BLEND CIGARETTES

The taste of adventure.

NYSE

Totals include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

IBM	110.00	+	1.00
Microsoft	45.00	+	1.00
Apple	40.00	+	1.00
Oracle	35.00	+	1.00
Sun	30.00	+	1.00
Novell	25.00	+	1.00
Lotus	20.00	+	1.00
Intuit	15.00	+	1.00
Parsons	10.00	+	1.00
PerkinElmer	9.00	+	1.00
Amgen	8.00	+	1.00
Genentech	7.00	+	1.00
Amgen	6.00	+	1.00
Genentech	5.00	+	1.00
Amgen	4.00	+	1.00
Genentech	3.00	+	1.00
Amgen	2.00	+	1.00
Genentech	1.00	+	1.00

IBM	110.00	+	1.00
Microsoft	45.00	+	1.00
Apple	40.00	+	1.00
Oracle	35.00	+	1.00
Sun	30.00	+	1.00
Novell	25.00	+	1.00
Lotus	20.00	+	1.00
Intuit	15.00	+	1.00
Parsons	10.00	+	1.00
PerkinElmer	9.00	+	1.00
Amgen	8.00	+	1.00
Genentech	7.00	+	1.00
Amgen	6.00	+	1.00
Genentech	5.00	+	1.00
Amgen	4.00	+	1.00
Genentech	3.00	+	1.00
Amgen	2.00	+	1.00
Genentech	1.00	+	1.00

Japan But Analy

By Ste...

TOKYO — The Japanese government's decision to raise the figure for the current account deficit in the Economic Planning Agency's latest report has caused a sharp rise in the yen's value. The government's decision to raise the figure from 4.2 percent to 4.4 percent in the second quarter of 1992 has caused a sharp rise in the yen's value. The government's decision to raise the figure from 4.2 percent to 4.4 percent in the second quarter of 1992 has caused a sharp rise in the yen's value.

Japanese

TOKYO — There will be a sharp rise in the yen's value as a result of the government's decision to raise the figure for the current account deficit in the Economic Planning Agency's latest report. The government's decision to raise the figure from 4.2 percent to 4.4 percent in the second quarter of 1992 has caused a sharp rise in the yen's value.

ACROSS

- Custard apple
- Foray
- Basin St. specialty
- Vamish ingredient
- To be, to Brutus
- Helm position
- Corn bread
- Second word of a fairy tale
- Gone With the

DOWN

- Play by Neil Simon (with "The")
- Oman, e.g.
- F.S. employee or adversary
- Hippie's home
- Posed
- Attains
- Aberdeen uncles
- Opposite of how
- Works with sprinklings of white hairs

3 Philadelphia's William

4 Iowa college town

5 Birthday secrets

6 Alumni-day head

7 Plaster part

8 Weather-map feature

9 Mean

10 Benchley film

11 The Greatest

12 Buddhist sect

13 British omega

21 Insect stage

22 Time periods

24 Pleasure cartage

25 Number five

26 Black figures

27 A bivalve mollusk; scallop

28 Tel-el-Khatat's capital

29 Flood

32 Brilliant stroke

34 Pintado fish

36 Tolkien creature

38 Foam

40 See 29 Down

41 Garret

42 Yellowish-brown pigment

47 Suburb of Paris

48 Schools in 47 Down

53 Madison Ave. denizen

54 Bridge-score column

55 Ubangi tributary

56 Not pub.

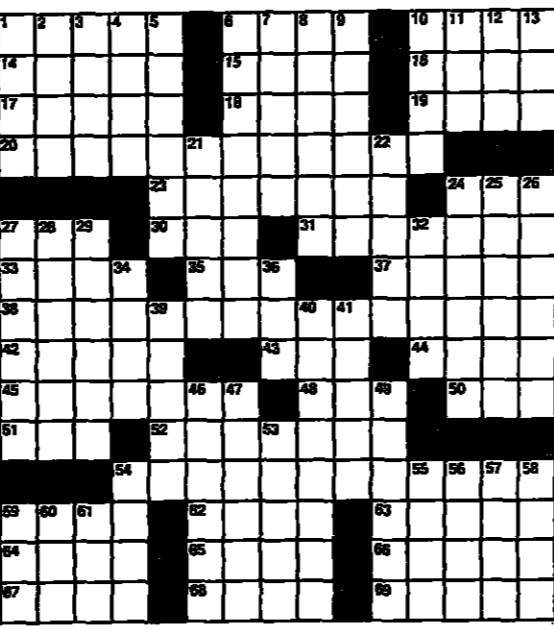
57 Come in last

58 Observer

59 Word with tote or grab

60 carts

61 Reo or Hudson



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NYSE High-Lows

NEW HIGHS	NEW LOWS
Alcoa	AM Int'l of
Boeing	Boeing
Chrysler	Chrysler
DuPont	DuPont
Eastman	Eastman
GenCorp	GenCorp
IBM	IBM
Microsoft	Microsoft
Oracle	Oracle
Sun	Sun
Novell	Novell
Lotus	Lotus
Intuit	Intuit
Parsons	Parsons
PerkinElmer	PerkinElmer
Amgen	Amgen
Genentech	Genentech
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Amgen	Amgen
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Amgen	Amgen
Genentech	Genentech

AMEX High-Lows

NEW HIGHS	NEW LOWS
Alcoa	AM Int'l of
Boeing	Boeing
Chrysler	Chrysler
DuPont	DuPont
Eastman	Eastman
GenCorp	GenCorp
IBM	IBM
Microsoft	Microsoft
Oracle	Oracle
Sun	Sun
Novell	Novell
Lotus	Lotus
Intuit	Intuit
Parsons	Parsons
PerkinElmer	PerkinElmer
Amgen	Amgen
Genentech	Genentech
Amgen	Amgen
Genentech	Genentech
Amgen	Amgen
Genentech	Genentech
Amgen	Amgen
Genentech	Genentech



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ASIA/PACIFIC

Japanese Economy Expands But Analysts Say Statistic Masks Problems

TOKYO — The Japanese economy expanded at an annual rate of 4.3 percent in the January-March quarter, the government reported Tuesday, but economists said the figure was a statistical anomaly that masked the economy's weakness.

Tuesday's report will heighten pressure for fiscal stimulus and an easing of interest rates to lessen the risk of the recession becoming longer and deeper. Voices are also beginning to demand not only that the government compile a supplementary budget — something it has yet to commit itself to doing — but to detail its size and timing.

Taiwanese Say Japan Is Dumping

TAIPEI — Taiwan's largest industrial association said Tuesday it suspected Japanese exporters of dumping 26 products in this country, and Taiwanese companies might take legal action.

Mitsubishi Heavy In Caterpillar Deal

TOKYO — Caterpillar Inc. will transfer production and sales of forklift trucks to a series of joint ventures with Japan's Mitsubishi group, creating an entity that will initially have about 11 percent of the world market, Mitsubishi announced Tuesday.

Investor's Asia. Table showing stock indices for Hong Kong, Singapore, Tokyo, and various regional markets with columns for Index, Close, Prev. Close, and % Change.

Very briefly:

- Sumitomo Group, the troubled company that owns South Korea's largest specialty steel maker, will receive a total bailout package of 130 billion yen (\$165 million) from domestic banks.

Japanese Weakness Threatens Platinum Prices

TOKYO — There will be a sharp fall this year in imports of platinum by Japan, which accounts for nearly half of world consumption, and increased demand by Europe's auto industry cannot make up the shortfall, traders said.

The market can't ignore this 10-ton loss of platinum demand in Japan against last year," he said.

The first quarter of 1992 has already seen a spurt in demand for platinum from automakers in Europe, the British bullion house said.

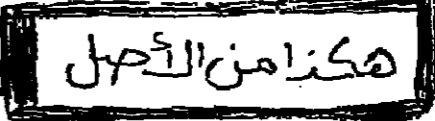
New Editor Named at Asian Journal

HONG KONG — Dow Jones & Co., publisher of The Wall Street Journal, will replace the editor of its Asian edition on Sept. 1, staff members were told Tuesday.

Large table of financial data and advertisements, including sections for 'INTERNATIONAL FUNDS' and 'Other Funds' with columns for fund names, prices, and descriptions.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 52 12.

SPORTS EURO 92



Weak First Week: Some Bores Ready To Wave Adieu

STOCKHOLM — It is half time at the European Championship, and players' locked minds would tell them...

There are nine days left in which to lace performance with entertainment, time yet to show that Europe's prima donnas are not too cowardly...

Putting my own prophecy on the line, I attempt to assess the contenders in the order that I rated them a week ago...

THE NETHERLANDS (1 victory, 1 draw, 1 goal): The first half-hour against Scotland transcended everything...

GERMANY (1 victory, 1 draw, 3-1 on goals): No doubt about Germany's resolve. With good technique and Teutonic willpower...

FRANCE (2 draws, 1 goal): I overestimated France's flair and morale, underestimated its degrading pragmatism...

ENGLAND (2 draws, 0 goals): With its unwanted vermin followers, and its team grinding out attritional non-events...

SWEDEN (1 victory, 1 draw, 2-1 on goals): Cup fever bubbles beneath the Scandinavian reserve...

Winger Anders Limpar, who performs in London with Arsenal, tells his countrymen what most can see for themselves...

DENMARK (1 draw, 1 defeat): Denmark's lack of preparation makes it an outsider now...

English Barred From Beer After 3d Night of Fights

Compiled by Our Staff From Dispatches STOCKHOLM — Englishmen were banned Tuesday from the beer-and-games tents after a third night of violence...

match will be crucial in deciding which team gains the semifinals. English fans, numbering several thousand...

Authorities, in an effort to prevent more trouble at the European Championship, said that only low-alcohol beer will be sold...

UI Aelsohn, head of the Stockholm County administration, said it will limit sales at the tents to beer with 2.3 percent alcohol...

Carlberg, who heads an agency for delinquents, said he would enforce the ban with private guards and volunteer youths...

The police said that 600 officers in uniform and plain clothes were patrolling Stockholm and were prepared to deal with more trouble after the latest fighting...

The beer-tent ban on Englishmen went into effect Tuesday afternoon, more than 24 hours before Sweden and England were to play in the last round of Group 1...

Some policemen voiced skepticism about separating English fans. An officer at the field, declining to identify himself, said, "I think it's crazy. It's a public area..."



Police checked the identity of an arrested youth after some 50 English and Swedish fans clashed early Tuesday at the Stockholm beer tents on the third night of fighting.

Carlberg said the fighting began after some English fans made rude gestures at a group of Swedish skinheads...

The blue-and-white striped tents, capable of holding hundreds of fans, are in a field a few kilometers from the soccer stadium...

Adelsohn said Carlberg's decision to ban the English was "not what we wanted, but we understand him taking it. One of the ideas for the tent was to have all the fans out there..."

Carlberg's agency has been operating the tents under a policy of offering half-price beer and entertainment in order to promote friendship among fans of different nations...

The police said two Englishmen and a Swede were charged with rioting, and one Englishman charged with resisting arrest...

Earlier, UEFA's president, Lennart Johansson, warned that the violent fans could cost England the European Championship in four years.

"I was wrongfully quoted that this violence would cost England the 1996 championship, but they have to watch out. I would like to give them an early warning signal..."

ASCOT, England — It was supposed to be a two-horse race between Arazi and Rodrigo de Triano, but 25-to-1 outsider Brief Truce stole the show Tuesday...

The St. James's Palace Stakes over one mile (1.6 kilometers) at Ascot was billed as the big showdown between the French-trained supercolt Arazi and Rodrigo de Triano...

It was both colts' chance to excel after disappointing performances in big races. But despite being rated as among Europe's best thoroughbreds, neither proved capable of finishing in the money...

Arazi, ridden by American Steve Cauthen, finished fifth. That was three-quarters of a length behind Rodrigo de Triano, who was edged for third by a short head...

Brief Truce, ridden by Michael Kinane, stormed home in the final furlong to grab victory in a photo finish over the 8-to-1 Zaaib, ridden by Richard Hills...

Pat Eddery's Ezzoud, at 6-1 the third favorite, was 1/2 lengths further back in third. Brief Truce's official time was 1 minute, 39.32 seconds...

As the field thundered to the finish on a cool and blustery day, it was obvious that Arazi didn't have what it took. Cauthen tried hard but the colt seemed to be going nowhere...

"I'm not blaming Lester. I'm not blaming anyone," said trainer Peter Chapple-Hyam. "The plan was to come late..."

"But, he added, 'The ones up front didn't stop.' It was Arazi's first race in England, and his first since finishing a disappointing eighth in the Kentucky Derby last month...

Rodrigo de Triano, named after the lookout in Christopher Columbus' fleet who first sighted the New World, also brought star qualities to the race...

Winner of the English 2,000 Guineas at Newmarket and the Irish 2,000 Guineas at the Curragh, both over a mile in May, he was rated by the English racing press as best on the English ground...

But he finished ninth in the 1-mile English Derby at Epsom, leading 40 pounds (18 kilograms) during the race after being spoiled by the crowd yelling encouragement to Piggott before the start...

Winning trainer Dermot Weld said: "It was an exciting performance by Brief Truce, the two favorites were obviously already mature horses, and mine is a late developer..."

He said he hopes to go for the Breeders Cup in the fall. Among those in the crowd were Prince Charles and Princess Diana, as well as the Queen Mother and Princess Anne...

"I was happy with Arazi turning for home," Cauthen said. "He was traveling sweetly in behind Brief Truce but when I asked him for an effort he went for half a furlong but then flattened out. I'm not sure if it's a mental or physical thing..."

SIDELINES

Yugoslav Basketball Team Out

MUNICH (Reuters) — Yugoslavia's men's basketball team has been barred from the Olympics after Spain denied entry visas...

A FIFA spokesman said that, reacting to "political realities," the federation informed the Yugoslavian team Tuesday that the Spanish government had said it would not grant visas for qualifying matches next weekend...

For the Record

Anthony Peeler, the Missouri basketball star who is a top NBA prospect, pleaded guilty Tuesday to a felony weapon charge and two misdemeanors, receiving five years of supervised probation but avoiding trial for an alleged attack on a woman and a possible prison sentence...

Queen's, withdrew from the Manchester Grass Court tennis tournament because of a torn muscle in his right arm (AP) Clearly Motter of France, fourth in the Tour de France last year, will compete in this year's race after his team received a wild card, organizers said Tuesday (Reuters) Johan Rasmussen, a tighthead prop from the Transvaal, became the fourth South African rugby union player to fail a drug test (AFP) Eddie Lapat, 73, who teamed with Allie Reynolds and Vic Raschi to form the heart of the pitching corps that helped the New York Yankees win five consecutive World Series championships, died Monday in Darien, Connecticut (AP)

Quotable

Yogi Berra, on Mickey Mantle: "He can hit just as good, right-handed as he can left-handed. He's just naturally ambiphous."

SCOREBOARD

BASEBALL

Table with Major League Standings and Monday's Line Scores. Includes columns for team, W, L, Pct, GB.

Major League Leaders

Table with American League and National League leaders in various categories like batting average, home runs, RBI.

Japanese Baseball

Table with Central League, Pacific League, and Doublets/Vanryke statistics for Japanese baseball.

Advertisement for AT&T USADirect service, featuring a large image of a fish and text: "OUT OF YOUR ELEMENT? AT&T USADirect Service can get you home from over 100 countries."

OBSERVER

A Few Good Candidates

By Russell Baker
NEW YORK — The Marines want a few good men and we want a few good political candidates. That's why we sent search teams across the United States. Here are a few we found:

1. Walt Kenbackle: Of the 8,648,753 candidates running for public office this year, Walt is the only one in favor of government waste. His opponent, Marjorie (Chargin' Marge) Bascom, says Walt is lying.

She says he's just pretending to support government waste in order to call attention to himself and get name recognition. Chargin' Marge charges that if Walt is elected — he's running for Town Council in Bold Shoulders, Maine — he will start denouncing government waste just like every other political hack in America, the rat."

"I am delighted Marge mentioned that," Walt said in a major waste-policy address, "because it reminds me that the holes made by our Bold Shoulders rats are ridiculously small. If elected I will fight to get local contractors the government millions needed to enlarge these holes."

"Once the holes are magnificently enlarged — as well as air-conditioned, fully computerized and equipped with the most up-to-date fax capability — government waste-reis will be able to do their job by pouring money down the rat holes of Bold Shoulders, instead of being forced overseas to pour it down the rat holes of the world."

2. Max Mallow: "More new taxes!" is Max's campaign slogan. The only candidate for any office anywhere not crying "No new taxes," Max has won the Adlai Stevenson Award, which is given only in election years so weird they produce a candidate willing, in Stevenson's phrase, to "talk sense to the American people."

This is the first time in decades the award has been given. Since it historically signals inevitable defeat for the recipient, advisers urged Max to save himself by attacking media elitists on ground that they obsequiously refused to report that his saying "More new taxes" was simply a shorthand way of saying, "More new taxes would be catastrophic."

Instead he issued a statement saying, "It's criminal to keep en-

couraging the public's delusion that the wealthiest country in history can't afford to stop itself from becoming a slum down by the junkyard."

Max is running for the office of Village Alderman in the liberal, high-income community of Generosity Falls, Connecticut. His opponent, Buford Benham, has not risked losing the liberal, guilt-ridden vote by attacking Max's monstrosity platform. He doesn't need to; he won a commanding lead in the polls with a major political-correctness address in which he accused Max of speaking disrespectfully of slums.

3. Kip Filanders: Health care is Kip's big issue. She is running for Congress, and she's against it — health care for Congress, that is. She pledges to work for a health-care program that subjects Congress to the same health care endured by the rest of the population.

This wouldn't mean a complete health-care cutoff for every member of Congress, but for many it would be the next worst thing, and for almost all it would mean shortening the odds on bankruptcy and cemetery.

Kip believes a Congress forced to share the same medical destiny as the rest of America will soon do something about health care more useful than issuing its usual heart-rending speeches.

After Congress is subjected to average American health care, Kip promises even more: She will press Congress to submit to the same pension system as the average American worker.

Kip's main opposition comes from a PAC representing senators and House members. She expects to be buried under an avalanche of money.

4. Mel Gath: Mel is anti-Earth. He is appealing to voters who are fed up with being browbeaten about saving the Earth. In a major Earth-policy address he said:

"It's disgusting human egotism to think humans can destroy the Earth. The Earth was here a long time before humans came and it will be here a long time after they're gone. Elect me and enjoy the Earth before you're the one that's gone. Bring back the small of leaves burning on the autumn air. Vote Mel Gath for town crier of South Askelon, Ohio."

New York Times Service

Joel Silver: Lethal and Lucrative Movies

By Bernard Weinraub
New York Times Service

BURBANK, California — Joel Silver paces the floor of his elegant office on the Warner Brothers lot, speaking animatedly about the action movies that have made him one of the most successful, feared and controversial producers in town. His latest blockbuster, "Lethal Weapon 3," has grossed more than \$100 million, and the total is climbing.

"Movies should be like a roller coaster," he shouts. "You go in, practically lock yourself in the seat, and it's down, up, down, up. It's not dangerous, but it's fun. It's a formula. That's the key. That's the core of these movies."

These movies are "The Lethal Weapon," "Die Hard" and "Predator" series, as well as the 1991 film "The Last Boy Scout."

While Silver exults in their financial success, critics and some prominent movie executives have attacked them for their facile violence and questioned the producer's sense of social responsibility, especially when the hugely popular "Lethal Weapon 3" opened two weeks after the Los Angeles riots.

"Here's this guy — he's got passion, he's a fighter, yet he directs it at the most pacific things, says a major studio executive who has tangled with Silver and who spoke on condition of anonymity. "That's sad. He's so bright. He knows good from bad."

Silver, who is 39, throws up his hands in despair, describing his films as innocent entertainment and suggesting that some of those who denigrate his work are motivated by nothing lofter than envy.

"I mean, it's a western, it's entertaining, it's good guys versus bad guys," he says of "Lethal Weapon 3." "In that scene in 'The Searchers' when John Wayne went after all those Indians, was that genocide? Was that racist? When James Bond dropped the guy in a pond of piranhas, and he says, 'Bon appetit,' we loved that. That's a great moment. Movies are not real."

Although it may not be apparent from the films he chooses to produce, Silver's idols are bigger-than-life executives of old Hollywood like Irving Thalberg, Harry Cohn and David O. Selznick.

"I grew up wanting to be a producer like these guys," Silver says, padding around his office in loose-fitting Italian shirt and trousers and red sneakers. "I read all those books about Thalberg and Selznick and Harry Cohn. That whole attitude of saying, 'Look, I've got a great idea for a story!' That intrigued me. Like I've reached a point where nine of my films have grossed over \$100 million. Incredible! That's really great."

Like his idols, Silver's flamboyant — some say outrageous — style is legendary. He's known for his public screaming matches and feuds, his excesses, his love of high art and his two Frank Lloyd Wright houses. ("I don't make art," he says. "I buy art.")

Last year he was the subject of a caustic parody by Steve Martin in Lawrence Kasdan's movie "Grand Canyon." The character, who promises to produce meaningful films after being shot during a



Joel Silver: "I've reached a point where nine of my films have grossed over \$100 million. Incredible! That's really great."

robbery, does a turnaround as soon as he recovers. Silver was not amused.

"I don't know what to think about that," Silver says in a low voice, making it plain that he was hurt by the portrayal. "Maybe it was flattering. The guy was intelligent, and he was articulate and kind of a con man; but he was a good guy."

Even Silver's critics seem to admire him as a producer — so aggressive, so smart and so forceful that he is one of the few men in town to successfully intimidate, perhaps bullly, meddling studio executives at the highest level.

Terry Semel, the president of Warner Brothers, who is distributing "Lethal Weapon 3," speaks fondly of the producer, with whom he has worked closely. "Joel is like one of those great old producers who works around the clock, who has strong opinions and is very much involved with the director and the actors."

"I don't find him difficult; I find him challenging," says Semel. "When he believes in something, he goes to bat for it. I'd much rather work with someone who fights for what he believes in, rather than someone who says, 'Whatever you say, boss.'"

Like numerous successful people in Hollywood, Silver seems both defensive and proud of his career. He has had his flops, including "The Adventures of Ford Fairlane" (1990), "Road House" (1989), "Action Jackson" (1988) and the movie that leaves him almost reflexively defensive, the 1991 Bruce Willis vehicle "Hudson Hawk."

Attacks on his work — and Silver has heard them before — leave him angry and a little depressed. As if in response, he has taken some small, tentative steps to reach beyond bang-bang films.

Although his next movie, "The Demolition Man," an action film with Sylvester Stallone, replicates his past ones, Silver is also planning what he calls "a really elegant comedy." "The Hudsucker Proxy," about big business in the 1950s, written and directed by Joel and Ethan Coen. After that, he's set to produce "Beverly Hills Cop III" with Eddie Murphy.

Silver, who is unmarried, is consumed by his Frank Lloyd Wright houses in Hollywood and his estate, Andalusia, near Charleston, South Carolina. Why Frank Lloyd Wright?

"I'm fascinated by his sense of order and his sense of scale," he says. "I find such a similarity between what he did and what I'm doing. Not that I'm making a parallel that what I'm doing is as brilliant and as much a work of genius as what he did. But there are comparisons. You work out something on paper. It exists only on paper. And then it's a very complicated process involving crafts people and money and clients and personalities, all working to create a finished product. And then when it's completed, it will last forever."

He points out delightedly that his carefully decorated offices are in the bungalow built for William Randolph Hearst in the 1930s. The bungalow was used in the filming of "A Star Is Born," with Judy Garland and James Mason. "This is history! This is it!" he says. "We're here! I love it!"

TODAY'S BUSINESS MESSAGE CENTER
Appears on Page 8

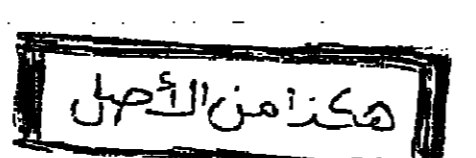
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LATIN AMERICA THE NEW ECONOMIC CLIMATE, Madrid, July 21-22, 1992, A major conference co-sponsored by the International Herald Tribune

PEOPLE, Dancer Sharp, 32 Others Given MacArthur Grants, The dancer and choreographer Twyla Tharp, 50, of New York, and Steve Lacy, 57, the Paris-based jazz musician, were among 33 people awarded five-year fellowships by the MacArthur Foundation.



صباحنا الجديد

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1992
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You Don't Become A Billion Dollar Contender Without Knowing How To Take A Punch.

Yes, the recent court ruling stung. While the jury may have ruled that AMD has lost the rights to use Intel microcode for our 287 math coprocessor, it was hardly a knock-out punch.

"The Verdict Has No Effect whatsoever On The Am386™ Microprocessor Family"

W.J. Sanders III, CEO, Advanced Micro Devices.

This recent verdict can in no way contradict February's arbitration ruling from retired Superior Court Judge J. Barton Phelps, which was upheld by the California Superior Court. That ruling awarded AMD a permanent, royalty-free license to manufacture and sell, without legal harassment from Intel, its family of 386 microprocessors with all the intellectual property rights- including the microcode.

Now, when computer users demand the fastest 386 PCs, the computers they buy run on Am386 CPUs. Our chips enable the longest battery life for portable computing. And by bringing competition to the 386 microprocessor market, AMD has liberated computer users from monopolistic pricing.

Unit sales of Am386 microprocessors have now surpassed the 6 million mark while maintaining unexcelled quality. As a result, Advanced Micro Devices is now the second largest manufacturer of microprocessors worldwide.

"AMD Will Be A Major Force In The 486 Market In 1993"

W.J. Sanders III, CEO, Advanced Micro Devices.

While the microcode ruling will make the development task more difficult, AMD will be a major player in the 486 market in 1993.

We have the resources and the technology. We have spent the last five years investing in our future, transforming ourselves into a customer-driven company with world-class process technology and manufacturing expertise. Our investments in R&D as a percentage of sales, for the larger companies, are the highest in the industry. This has enabled us to produce advanced new products using state-of-the-art submicron CMOS technology. Our factories today are best of breed in terms of quality, productivity, and volume capability.

Besides the enormously successful Am386 microprocessor family, AMD is a \$1 billion-plus company, with a wide range of high-margin, high-volume products. And we now rank first or second in worldwide sales of all our major products: microprocessors, 32-bit RISC technology, programmable logic devices, EPROMs, Flash memory, networking and telecommunications chips.

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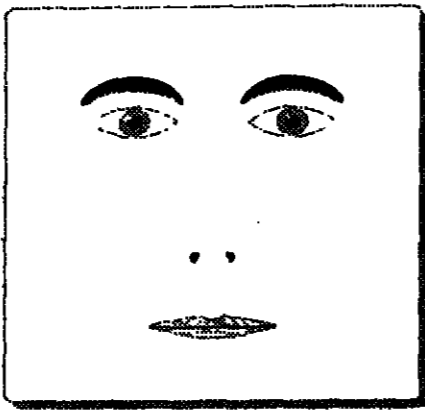
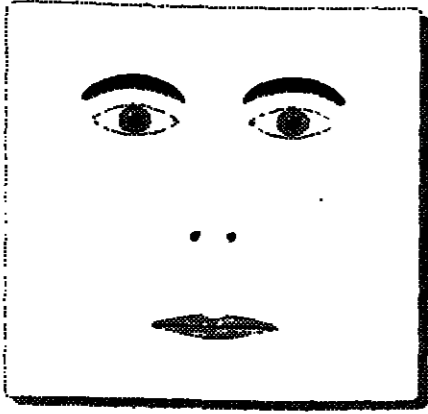
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HEALTH / SCIENCE

An Experiment in Learning an Unconscious Bias

Learning unconscious biases is easier if there is already a predisposition that would encourage such beliefs. For example, in a study of depressed people, volunteers were shown a series of cartoon-like faces along with purported personality test scores. Actually the "scores" were random.



Source: Dr. Pawel Lewicki

The cartoon faces were identical save for the placement of the nostrils. The depressed subjects unconsciously learned to associate "dissatisfaction" with the faces where nostrils were closer to the mouth much more quickly and strongly than subjects who were not depressed.

Some Keys to the Unconscious

By Daniel Goleman, New York Times Service

NEW YORK — Psychologists are using ingenious new methods to plumb the unconscious. Their vigorous, systematic exploration is laying bare the basic but ordinarily invisible building blocks of irrational opinion, prejudice and neurosis. They also reveal an unconscious far smarter in some ways than the conscious mind. The current scientific look into the mind's shadow regions has allowed researchers to move beyond decades of dogged preoccupation with seeking conclusive empirical evidence that the unconscious mind truly exists.

example, after moving twice horizontally, the X would then move vertically. Despite the complexity of the rules, Dr. Lewicki determined that the volunteers unconsciously learned them because their performance became progressively quicker, then rapidly deteriorated after the rules were suspended and the X moved truly at random. The rules were so complex that if you were told them, you'd need a flow chart to predict the movements with any accuracy. Dr. Lewicki said, "We offered \$100 to anyone who could figure the rules out, but no one, not even a group of psychology professors, was ever able to guess them. Yet the unconscious was able to master them."

proportions, though they were unaware that this was what they were basing their decision on," Dr. Lewicki said. "When we asked what they based their opinions on, they said, 'I was just guessing.'" These unconsciously developed predispositions are self-perpetuating. Dr. Lewicki said, "Social reality is ambiguous. We don't usually know, for example, who is fair or unfair. So the bias can silently confirm itself by concluding about a certain type of person, 'He's unfair,' without ever actually testing that conclusion against reality. You just come away from the encounter with the feeling that such-and-such a person is unfair, though you can't say why."

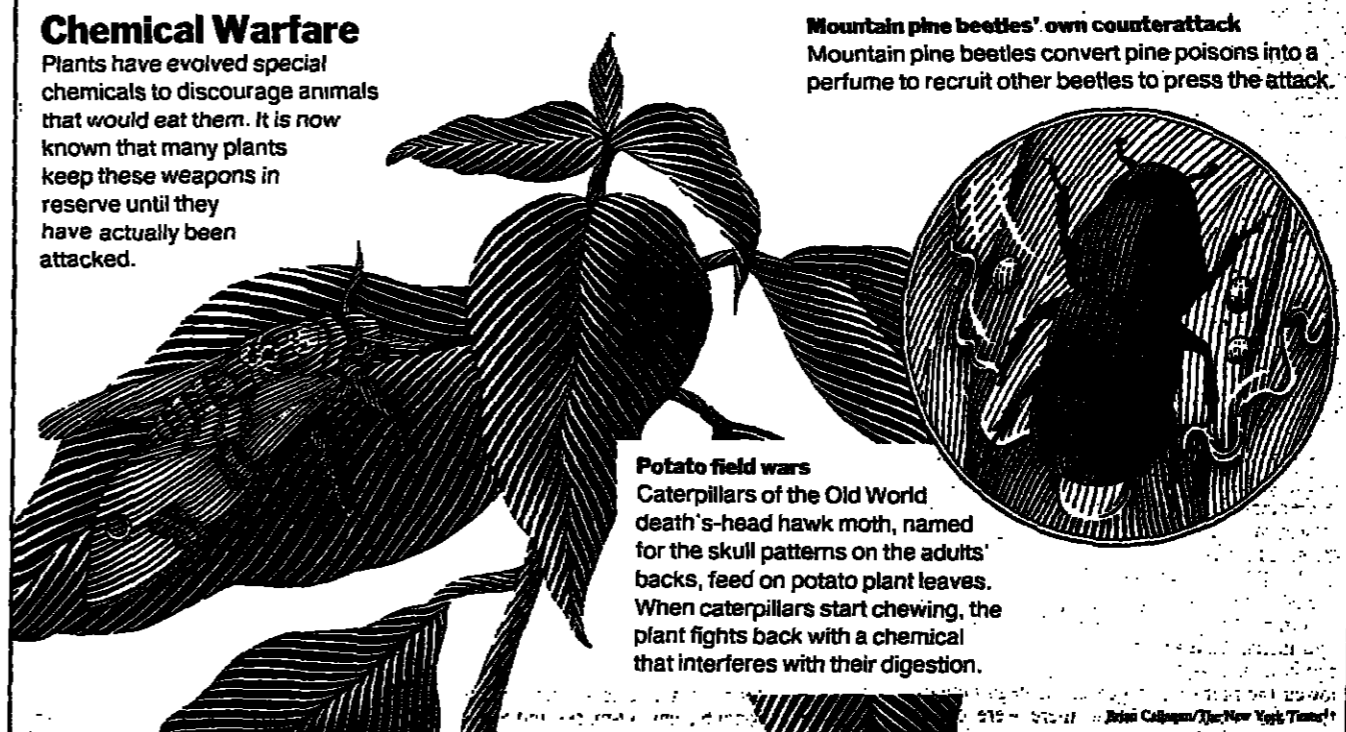
How Plants Fight Predators

By Carol Kaesuk Yoon, New York Times Service

NEW YORK — For more than 100 million years the battle has endured, and it rages still in every pine grove, meadow and planted field. It is the war between plants and the predators that feed on them. Besieged by armies of voracious creatures but unable to run away, plants over the eons have evolved cunning defenses that include deadly poisons, toxic glues and hidden drugs that give leaf-eaters serious indigestion. These defenses are of great interest to biologists because they appear to work as natural pest controls, restricting most insects to the few plants whose defenses they have somehow been able to overcome or withstand. Many plants make toxins in their leaves, but in addition to these passive defenses, several species wait until a predator actually starts munching before they unleash their most noxious washes of chemicals.

kills the tree or the tree survives by killing or repelling the insect. It begins with the arrival of a single, small, dark brown female beetle no bigger than a grain of rice. She bores an entry hole through the bark and into the tree. As soon as the first beetle has bored in, the pine begins its counterattack. It starts killing off the cells around the wounded area and flooding the invading beetle with sticky resins that gum up its paths and clog its entry hole. As the resins pour in, the beetles begin shoveling them out, an activity that may continue for days or weeks before they can safely chew out chambers clean enough in which to lay their eggs. As the mere touch of a bleeding pine tree will show, the resins are remarkably sticky and difficult to wipe off. Yet these beetles can scramble across it and shovel it away, somehow immune to the goopy mess. The beetles can even walk through the sticky chemicals used as commercial insect traps. Dr. Raffa said, "Chipmunks can get stuck in them, but the beetles walk right through it," he said. The pine tree's resin is laden with special chemicals, known as terpenes, that poison the air and the beetles' newly dug brood chambers. The terpenes are what give pine forests their characteristic fresh smell. While the tree is trying to isolate the beetle in a mass of dead cells and harmful fluids, the female beetle in a counterattack tries to call in support troops to help her take her gregarious enemy down. Plowing through the resins, she begins eating some and converting their terpenes into a special, very volatile perfume. The perfume so excites other mountain pine beetles that thousands can soon descend on a single tree and start drilling into it. "It's a life or death situation," said Dr. Keneth Raffa, an entomology professor at the University of Wisconsin. "In order for the insect to reproduce, it has to kill the tree. Either it kills the tree or the tree kills it."

Usually the trees win and the beetles are killed or forced to move onward, but sometimes the masses of beetles make their homes in the tree's defenses, then they make their homes in the stricken trunk and raise their young. Potato and tomato plants opt for sneaker methods of attack than the pine. They fight back by giving their enemies indigestion. Dr. Clarence Ryan and his colleagues at Washington State University are piecing together in minute molecular detail the puzzle of how potatoes and tomatoes stop their enemies from digesting their food. They have found that when a caterpillar chews on a potato leaf, bits of broken cell wall and other chemical signals begin flowing through the plant, alerting it to trouble. In response, the plant begins making chemicals that inhibit those that help the insect digest. THE caterpillar continues to eat, but the digestion-inhibiting molecules deprive it of nutrients and retard its growth. This gives the caterpillar's predators longer to attack it before it matures. Other plants go straight for the kill, simply flooding their leaves with deadly poisons. The coyote tobacco plant, long smoked by the Anasazi Indians, is as well defended as a "triple tank," Dr. Baldwin said. When attacked, it pumps its leaves full of nicotine, increasing the amount of the poison tenfold. According to Dr. Baldwin, a single leaf weighing one-fourth of an ounce can kill 10 rats. Biologists hope that all ways can be found to trigger these active or inducible defenses in crop plants. Researchers at the University of California at Davis are working on "vaccinations" for plants. Dr. Karban said he hoped the vaccination approach would help farmers "get off the pesticide treadmill" with all its accompanying costs and environmental problems.



Chemical Warfare

Plants have evolved special chemicals to discourage animals that would eat them. It is now known that many plants keep these weapons in reserve until they have actually been attacked.

Mountain pine beetles' own counterattack

Mountain pine beetles convert pine poisons into a perfume to recruit other beetles to press the attack.

Potato field wars

Caterpillars of the Old World death's-head hawk moth, named for the skull patterns on the adults' backs, feed on potato plant leaves. When caterpillars start chewing, the plant fights back with a chemical that interferes with their digestion.

Algae-Eaters: Faddists or Nutri-Nauts?

By Trish Hall, New York Times Service

NEW YORK — People who eat strange foods like blue-green algae and spelt bread may seem like eccentrics who have nothing to do with people with ordinary diets. But avant-garde eaters often serve as a testing ground for innovative foods, and what they like to eat today may be the trendy new food on the kitchen tables of mainstream eaters tomorrow. After all, foods that now appeal to millions of people, like yogurt, granola bars and rice cakes, were once favored by fringe eaters and available only in natural-foods stores.

It is hard to say which unusual products will be the next foods to find their way into ordinary supermarkets. But suppliers and retailers say certain foods are selling so well that they may eventually have wide enough appeal to interest the big food companies. The impulse driving sales in natural-foods stores is an enduring one: the desire for health and long life. But unlike 20 years ago, there now are vast numbers of people who are simultaneously discovering that mortality is not an abstract concept. "There's a wave of baby boomers hitting the big 40, and their bodies are talking back," said John Goodman, the vice president for sales and marketing for Arrowhead Mills in Herford, Texas, which sells organic grains, cereals, breads, flours and baking mixes. They are looking for foods that might help them live better and longer, he said, and they are looking outside the mainstream.

To that end, sales are booming in foods that are fat free, or free of ingredients like milk and wheat that cause allergic reactions in many people. Organic ingredients are sought after, too, because many people consider them to be tastier, healthier and more ecological. Selling very well, too, are Chinese herbal and homeopathic remedies, said Frank J. Lampe, editor of Natural Foods Merchandiser, a trade journal published by New Hope Communications in Boulder, Colorado. But customers in natural-foods stores are also affected by the same forces that shape supermarket shoppers. Busy and not always willing to cook, they are seeking convenience, but with a twist. They are snapping up prepared products, both frozen and on the shelf, made of organic and natural ingredients. Despite a concern with health, many people are not willing to give up snacks. "Chips and popcorn and permutations thereof have gone bonkers," said Chris Kilham, a consultant to natural-foods companies. "It's like walking down the snack aisle of a regular supermarket, but all the ingredients are good."

Aside from organic blue-corn tortilla chips and organic air-popped popcorn, there are yogurt and green-onion potato chips made from unpeeled potatoes, and cheese puffs made from natural blue cheese and cheddar. Also flourishing are popcorn cakes, a new product similar to rice cakes. Cookies are also doing well, especially those by Health Valley, an Irwindale, California, company that makes a variety of natural foods. It has 19 varieties of cookies described as fat-free. Retailers said the quest to avoid foods that may cause allergic reactions is one of the largest factors affecting sales. "More and more people who haven't felt good in a long time are finding that their doctors are telling them to give up wheat or milk," said Kate Conniff, the food-information manager for the six Bread and Circus natural-foods stores in Massachusetts and Rhode Island.

Oat Bran: The Mega-Study

By Carole Sugarman, Washington Post Service

WASHINGTON — Just as the United States' obsession with oat bran has nearly subsided, a study published Wednesday in the Journal of the American Medical Association concludes that oat fiber does reduce cholesterol levels — though to only a small degree, and most effectively among those who have high cholesterol and who eat a lot of fat. "Oat bran is a useful and effective method to reduce cholesterol," said Joseph Keenan of the University of Minnesota Medical School, one of 16 authors of the article. "It's a modest cholesterol reduction, but significant," he said. The analysis of 19 studies found that, on average, persons who consumed about 3 grams or more of soluble oat fiber a day (the equivalent of two-thirds of a cup of hot oat bran or 1 1/2 cups of cold oat-bran cereal) experienced a 2 to 3 percent drop in blood cholesterol, high levels of which are associated with increased risk of heart disease.

and saturated fat that includes many different sources of fiber, Dr. Stone said. The study is a "meta-analysis," a method of statistically examining the findings of different studies that is often used when there are conflicting data between independent trials and when effects from single studies are too small to be statistically significant. Studies on the effects of oat bran on cholesterol levels have shown a wide variety of results, from virtually no benefit to reductions greater than 10 percent, the authors noted. At least some of this variability, they added, can be attributed to the fact that the studies used different types of oat products as well as subjects with different ages, sexes and cholesterol levels. It is estimated that for every 1 percent drop in cholesterol level there is a 2 percent drop in heart-disease mortality. Dr. Keenan said there are 60 million Americans at risk for heart disease, and that a 5 to 7 percent reduction in heart-attack rate and mortality is "quite significant."

In 1989, oat bran was a \$54 million-a-year business, but annual U. S. sales have dropped to about \$10 million currently. Many experts attribute the drop-off to a highly publicized study published in the New England Journal of Medicine in 1990 that concluded that oat bran had little or no effect on cholesterol levels. Frank Sacks, a Harvard researcher who was co-author of that study, said the findings from the JAMA meta-analysis — which included his study — are consistent with his results. "It showed a very small effect from the oat bran, which in my mind is trivial," he said.

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French Economy

Banking May Take New Path

By Martin Baker

PARIS—French banks embark on the second half of 1992 with two key questions unanswered. First, after a catastrophic 1991, have they really receded their ways in credit management? The second issue is whether the French banks are adopting as a general policy the hands-on style of the German banks, which have become a hybrid of credit provider, aggressive shareholder and management consultant. The answer in both cases, say Parisian and international analysts, is a resounding maybe.

On the credit management front, the year began with promises of more cautious lending policies and a better future. That argument had a certain logic to it—after the kind of year the banking industry had had, it seemed that things could only get better. But the first inkling that the bad news might be worse than expected came in spring, when the markets were surprised by the sheer size of the banks' loan losses.

Credit Lyonnais' involvement with MGM and the indebted Italian businessman Giancarlo Parretti is among the best-known pieces of injudicious lending. Within months of backing the entrepreneur in his \$1.3 billion bid for the movie company, Credit Lyonnais forced his removal from the board. MGM is now a wholly owned subsidiary of the bank. Credit Lyonnais was also a creditor of the failed television company La Cinq, and has loans to the financially troubled Maxwell Communications on its books.

SO THE markets were not expecting great things when the 1991 results were announced in late spring. What they saw, however, was a huge cut in profits and a massive increase in bad debt provision of 48 percent to 9.6 billion francs (\$1.77 billion). Compagnie Financière de Paribas, one of France's most highly regarded investment banks, announced its first ever loss this spring, as bad debt provisions for 1991 almost doubled to 9.5 billion francs from 5 billion in 1990. Although Banque Nationale de Paris and Société Générale both managed to return to profit growth over 1991, neither managed to return to the profitability levels of 1989.

So just how badly do these worse-than-expected figures call into question the new year's optimism? "I don't think the banks were over-optimistic," said Valéry Picard at Paris brokerage Fancher Magnan. "They have simply followed the paths envisaged at the beginning of the year when they knew there were some problems which were bound to put something of a brake on profits."

Other analysts take a more cautious line, fearing that not all the bad news has yet been disclosed. "I think one must take a look at the banks' exposure to the property sector and their provisions for risk," said Ian Furnival, a

Continued on page 12



Finance Minister Michel Sapin, left; Prime Minister Pierre Bérégovoy.

Strong Franc Leads Way to Independence

By Tom Redburn

PARIS—For all his success as the architect of France's *franc fort* policy, Pierre Bérégovoy's luck probably couldn't be worse. Last October, in an attempt to ease the longstanding grip of the Bundesbank's monetary handcuffs on France's economic policies, Mr. Bérégovoy, as finance minister, cut interest rates slightly below Germany's. But the move backfired almost immediately. By coincidence, currency markets turned sharply against the dollar shortly after the move.

Together with continuing disquiet over then-Prime Minister Edith Cresson, the unfortunate timing bolstered the Deutsche mark. That left Paris with egg on its face when the Bank of France had to reverse gears only four weeks later by raising rates to salvage the franc within the European Monetary System.

Mr. Bérégovoy, now France's prime minister, tried again to cut short rates a bit last month. Everything was going according to plan—until Danish voters surprised all of Europe on June 2 by voting against the Maastricht treaty. Uncertain investors poured money into traditional havens: D-marks and Swiss francs, once again widening the spread between French and German rates.

But maybe the third time is the charm. If French voters approve the EC agreement on economic and monetary union in a referendum this fall, France's rock-solid economic fundamentals finally should take center stage over its shaky politics. It has the best disinflation record in Europe, improving corporate profit margins,

and an increasingly strong competitive position vis-à-vis its major trading partners.

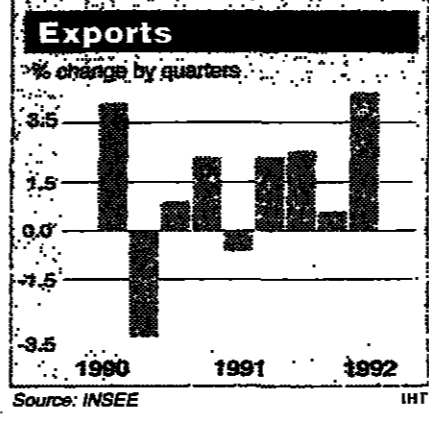
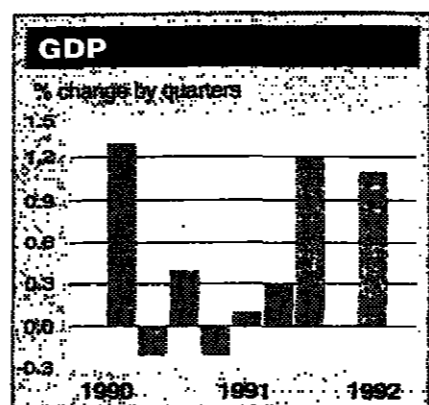
What that means, contends David C. Roche, chief market strategist for Morgan Stanley International in London, is that "France has more room than most other European countries to lower interest rates, and the franc should be strong enough to allow French interest rates to decouple from those in Germany."

PARIS is not about to wrest European monetary leadership away from Frankfurt nor push rates sharply below those in Germany, despite such musings last month by some of the more credulous French commentators.

But a growing number of Europe's most trenchant economic analysts think France's underlying strengths have been overlooked by most investors, who are focused on the uncertain political outlook. They argue that France enjoys significant economic advantages that are not being adequately reflected in the markets.

Even in the worst case—a no vote on Maastricht—I don't think France is going to abandon the low inflation course it has been following," said Bradford Brown, chief economist at Mitsubishi Finance in London. "The French don't need to be led by the nose by Germany anymore."

While Germany grapples with severe economic challenges emanating from Bonn's failure to properly lay the groundwork for unification, France's economy appears to be on the mend. Its inflation rate, at 3.1 percent, is more than a full percentage point below Germany's. The current account, at least for now, is in surplus.



Source: INSEE

Climate Turns Warm For More Privatizing

Socialist Government Shows Flexibility

By Jacques Neher

PARIS—With the French economy on an export-fueled upswing and elections on the horizon, the powerful state-owned financial and industrial sector is actively looking forward to a new round of privatizations.

Observers say little can now get in the way of state-sector sell-offs starting next year, though if the Socialists remain in power, they say the campaign is likely to be less vigorous than that led by the conservative government of Jacques Chirac between 1986 and 1988. Under Mr. Chirac a dozen companies were privatized, including giants such as glassmaker Saint-Gobain and the banks Société Générale, Compagnie Financière de Suez and Banque Paribas.

In recent months, the government of Prime Minister Pierre Bérégovoy has floated the possibility of resuming privatizations after next spring's legislative elections. In essence, officials now say that President François Mitterrand's 1988 "no-privatization" campaign pledge to ban further privatizations and nationalizations was only meant to stay in effect until 1993, even though the French president was elected for a term running to 1995.

Last month, the Socialist Party put it in writing. Its platform draft for the electoral campaign states that "the contours of the public sector are not fixed." Industrial or service companies operating in competitive markets, it stated, "can join the private sector."

And even for strategically important companies, the party has retreated from its belief through the 1980s that the state needs to control a majority of a company's stock in order to influence its decisions. The party now declares that the state should exercise its shareholder role "with flexibility and without dogmatism," thus opening the way to minority positions that can still give the government a voice.

"I don't think we'll see an aggressive privatization program, like in the U.K., but they will still go down that road," said Wendy Niffiker, an economist at stockbroker James Capel in London.

The government has not waited to launch into the sell-off process. It is currently offering to sell 19 percent of Total, thus reducing its direct and indirect stake in the oil company from 34 percent to about 15 percent. The sale is

expected to raise more than 10 billion francs (\$1.88 billion).

This follows much smaller asset sales over the past year. Tiny slices of the oil company Elf-Aquitaine and Crédit Local de France were put on the block, raising 1.6 billion francs and 1.5 billion francs, respectively.

The money is earmarked to fund a pre-election priority—reducing unemployment, now hovering around 3 million people, or 10 percent of the working population. Mr. Bérégovoy, under the gun to produce quick results since he was named to replace Edith Cresson as prime minister in March, is focusing, in particular, on restraining or finding work for the 900,000 people who have been unemployed more than a year.

The policy has drawn fire from the conservative opposition, such as former Finance Minister Edouard Balladur, who believes the money should be used instead to reduce the national debt, which is expected to hit 2 trillion francs in 1993, requiring a debt service of some 200 billion francs a year.

"These privatizations are designed to raise some cash, rather than representing a change in ideological approach," said Eric Tazebert, a senior economist at Banque Indosuez,

THE government, he said, has "little leeway" because the 1991 budget deficit, aggravated by the economic slowdown, ballooned to 131 billion francs, far beyond a planned deficit of 81 billion francs.

If the conservatives win next spring, the privatizations are likely to proceed at a good clip, starting with the big state-owned insurance groups: UAP, AGF and GAN.

Other companies considered "privatizable" include carmaker Renault, chemicals and pharmaceutical giant Rhône-Poulenc, aluminum maker Pechiney, and the two big remaining retail banks, Banque Nationale de Paris and Crédit Lyonnais.

"Everyone's shouting 'me first' for privatization," said Ian Furnival of stockbroker UBS Phillips & Drew.

Mr. Balladur estimated that "several hundred billion francs" could be raised in an aggressive privatization program.

Whoever wins, the ground is already being

Continued on page 12

Futures Market Braces for Competition

By Conrad de Aenlle

PARIS—After more than five years of explosive growth that has made it the premier futures exchange in Continental Europe, MATIF finds itself at a dangerous crossroads—in effect, being hit from all directions.

Last year, MATIF came within a whisker of matching the trading volume of Europe's foremost futures market, the London International Financial Futures and Options Exchange. This year, though, volume in Paris is running at just 69 percent of LIFFE's.

And now, for the first time since its founding in 1986, MATIF faces competition on the Continent, from fledgling exchanges in Barcelona, Milan and Frankfurt.

The number of contracts traded last year on MATIF, which stands for *Marché à Terme International de France*, grew 30.6 percent from the year before, to 36.9 million. The comparable figure for LIFFE was 38.6 million contracts, according to figures provided by the two exchanges.

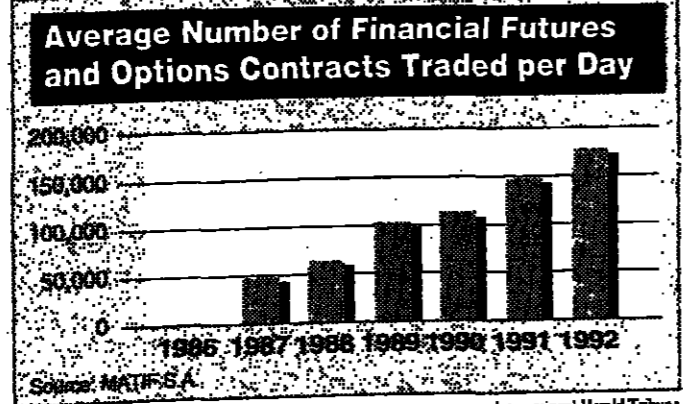
Volume has continued to grow on MATIF, to 177,705 contracts per day this year, but the figure for LIFFE is 257,850 contracts. One reason for the relative drop is the reason for the relative drop is the untimely demise of MATIF's Italian bond contract in 1991. The French exchange introduced its product within days of a similar one launched by LIFFE.

The MATIF contract "got off to an extremely fast start," noted David Courtney, director of European operations for First Continental Trading in London. "There was quite a tremendous level of competition that ended up with LIFFE taking over the vast majority of liquidity."

MATIF suffered a similar defeat in 1988 when it went head-to-head with London on a Euro-Deutsche mark contract. Mr. Courtney chalked up those failures essentially to growing pains, as MATIF tried to become more than just a French exchange.

"The problem the MATIF faced a few years ago is it tried to internationalize its product range," he remarked. "It then tried to exploit the international potential that existed at the time."

Which apparently wasn't much. Indeed, most of the successes MATIF had in attracting foreign traders are in contracts derived



from home-grown instruments, such as the 10-year notional government bond, the three-month Paris interbank offered rate and the CAC-40 stock index.

MATIF's reputation in some quarters for being little more than a local market makes Gérard Pfauwadel, MATIF's chairman and chief executive, bristle.

"It's not true anymore that we are a domestic exchange," he asserted. "What's true is that we experimented unsuccessfully last year to introduce an Italian bond contract. On the other hand, we successfully launched an Ecu bond contract" in 1990.

"I think it's true that London has a longer tradition than Paris for being an international [financial center]," Mr. Pfauwadel said. "In addition, LIFFE is older than MATIF. I think it's quite normal to say LIFFE was in a better position to launch an international line of products."

But no longer, he hopes. He noted, for instance, that 39 of MATIF's 100 seats are held by foreigners, including two new members, Morgan Stanley and Union Bank of Switzerland.

"The statistics demonstrate that today between 35 and 40 percent of our customers are nonresidents; on the notional, for example, it's 33 percent, on the CAC-40, it's 40 percent, on the Ecu, 65 percent are nonresidents."

The Ecu contract is the one MATIF is banking on to boost its international stature. Its average daily volume of 5,308 contracts this year is an improvement of 160 percent from 1991. It is the one international product that has been a clear success for MATIF.

Being international is a matter

that is taking on new importance, now that Frankfurt and the other fledgling Continental exchanges are nipping at Paris's heels. Some analysts, in fact, see these new markets possibly presenting a bigger threat to MATIF than LIFFE.

London and Paris have been concentrating on each other for the last six years while the DTB has sneaked up on the blind side," a senior official of Finmat, the broker-

seen as the way of the future in Europe.

"The advantage is it requires much less in the way of staff for brokers and doesn't have the ills associated with a floor," the Finmat executive said. "An electronic exchange has to be completely transparent—a polite way of saying it's harder to do dishonest things."

Mr. Pfauwadel said the Commodity Exchange in New York, and futures exchanges in Singapore and Australia, may also join Globex, a venture among Reuters Holdings, the Chicago Mercantile Exchange and the Chicago Board of Trade. As for LIFFE, he said, "there are not even any indications they will join."

The success of Globex is certainly not assured. For one thing, much like a street-corner prophet's forecast of the end of the world, the starting date for Globex has been pushed back repeatedly over the last couple of years.

When asked how he sees MATIF in five years, Mr. Pfauwadel said that despite joining Globex, "we'll still be a floor-based exchange; that's pretty clear in my mind."

"I'll try to keep MATIF among the leading exchanges of Europe," he added. One way to do that is "to expand the line of Ecu products we can have." He offered no specifics, saying only that "it's like launching a new car, you don't announce to your competitors what you're going to do."

ANALYSTS agreed that the Ecu market was the right one to try to exploit, even after the Danish vote against the Maastricht treaty, which mandates closer economic union in the European Community.

"A lot of its potential hinges on the development of the Ecu market," Mr. Courtney said of MATIF. "There are obvious uncertainties that have crept in and there will be a lot of competition, but it will comfortably remain the second-largest exchange in Europe."

Mr. Pfauwadel said it was difficult to make any further guesses about MATIF's future: "It's very difficult, because if you had asked the question five years ago, we did not exist. Things are changing so quickly."

CONRAD DE AENLLE is a journalist based in Paris who specializes in investment topics.

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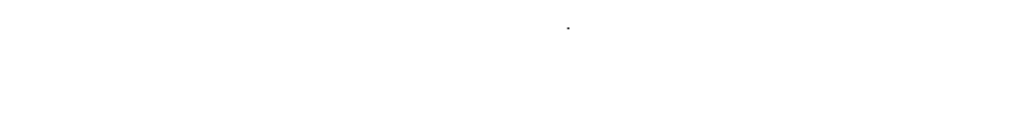


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Sour Days For Wine

Headly '80s Evaporate As Rivals Move Upscale

By Howard Schissel

PARIS — The party is over for the French wine and spirits industry. After a decade of rapid growth and unparalleled prosperity, the 1990s opened with a hangover due to intensified international competition...

"The 1980s was a golden age," said wine consultant Constantine Stergides. "As markets boomed and prices soared, France had an extraordinary string of great harvests. Now, France's supremacy as a producer of quality wines is being put to the test."

"Countries which have been producing fine wines for centuries, like Spain and Italy, are making great efforts to upgrade their image, and newcomers such as Australia, the United States, Chile and South Africa and others have joined the fray for world markets," says Claude Taitinger, head of the French Federation of Wine and Spirits Producers.

Between 1980 and 1989 the export of French wines and spirits climbed threefold to 33.7 billion francs, or \$6.35 billion. Since then, only the rising value of cognac sales in Asia managed to nudge up the total exports to 34.7 billion francs in 1991; 1992 could even see the first drop in exports in 17 years.

Overseas sales of the wine and spirits sector are crucial to the health of the French trade balance; they are, ahead of cereals, the largest agro-industry export, representing 4 percent of total French sales abroad.

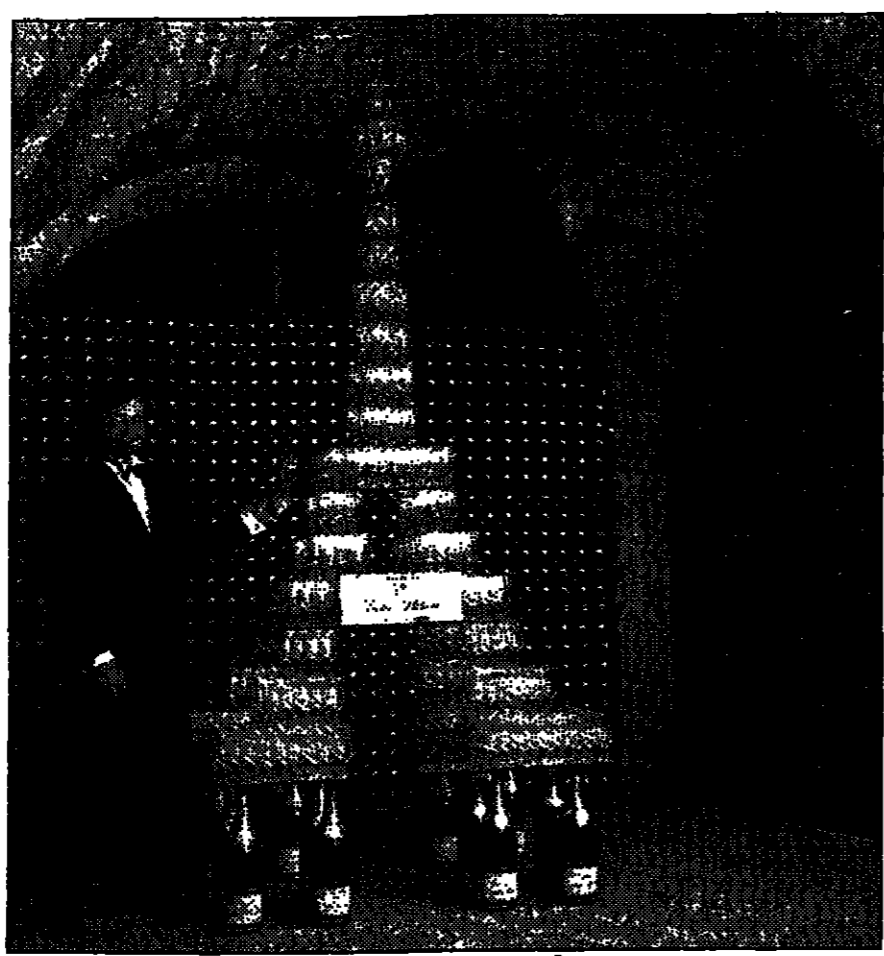
Profound long-term shifts in the home and export markets are likely to require painful restructuring of the French wine industry.

"The most remarkable mutation underlying consumer trends," said Louis-Régis Affre, managing director of the French Wine and Spirits Exporters Federation, "is the continued decline in total consumption and a move up-market to better-quality products."

Consumers everywhere have become more sober. Even the French quaffed about 30 percent less per capita in 1989 (still a respectable 73 liters per head) than in 1980, with only 50 liters per person forecast for 2000. The export markets will not be able to take up the slack.

The response to this drink-less-but-better trend has been to produce finer, more costly wines. In the last decade top-quality appellations d'origine contrôlée (AOC) wines rose from 23 percent of output to a shade under 40 percent, with lowly table wines plummeting from 57 percent to 25 percent.

Throughout France new investments are being channeled into planting better grape varieties and upgrading vineyard management as well as modernizing wine-making techniques and equipment. Patrick Aigrain, head of research at the professional organization ONIVINS, said: "France is a relatively high-cost



Pascal Leclerc-Briant, with display of Champagne from his vineyards.

producer requiring great attention to be paid to product quality and image."

The "Made in France" label, however, is losing its power as a sales argument with the upgrading of wines from other regions and the aggressive marketing efforts deployed by non-French producers. What is more, two-thirds of the French crop consists of red wines, while world demand is strongest for whites, leaving France at a relative disadvantage.

Nonetheless, individual winemakers in lesser known AOC areas — such as Ottes in Côtes de Provence, the Rolets in the Côte de Jura, the Plagioles in Gaillac and Trimbach in Alsace — can emerge, through a judicious mix of tradition and modernity, as world-class producers; even the most modest appellations boast innovative young winemakers successfully playing the quality card.

CHAMPAGNE and cognac, which account for 43 percent of overseas sales, are the flagships of the French wine and spirits industry. Their success and high prices are the result of brand images and large investments by multinationals in state-of-the-art technology, savvy marketing and global distribution networks.

Champagne seems to have lost some of its sparkle, with exports slipping by 8 percent last year and perhaps more in 1992.

"The larger houses suffer most with sales down by as much as 25 percent, while smaller and family-owned ones have been relatively

shielded from the downturn," said Pascal Leclerc-Briant, owner of Champagne Leclerc-Briant.

Christian Doisy, managing director of Champagne Jacquard, says that "stocks are running over 1 billion bottles, or some five years of sales." Companies have trimmed prices, but neither the domestic nor international markets have responded with a buying spree and competition with lower-priced Spanish cava or sparkling wines made in California or Australia has taken its toll.

Cognac, of which 92 percent is exported, compared with 45 for champagne, has managed to avoid an export slump, with sales up 4 percent in 1991. If volume is down, cognac firms have been clever enough to sell older, higher value-added bottles to eager consumers in Asia, presently accounting for over a third of consumption.

"Cognac must stay ahead of its chief rival, namely whiskey, and continue to add value through branding," says Peter Sosnkowski, managing director of Rémy & Associés, the marketing arm of the Rémy Cointreau group.

In his view, Asia is the developing market for top-quality brands in the 1990s. "Not only is consumption steadily growing there, but consumers are avid for the finest wines and spirits, the most profitable end of the market," he said.

HOWARD SCHISSEL is a journalist based in Paris.

Exports Steer Cars Through Hard Course

By Martin Baker

PARIS — Jacques Calvet, president and chief executive of the French auto manufacturer Peugeot-Citroën (PSA), was in a positive mood Wednesday as he presented annual results, which reflect the difficult conditions facing the French auto industry in the next few months.

Many industry observers would agree with his mood of guarded optimism. Although France's auto industry is selling fewer cars at home, the profitability of the major manufacturers, their export figures, and the prospects for innovation are all drawing broadly favorable comments.

The domestic French market has remained stubbornly resistant to the long-predicted recovery. Demand fell by 1 percent in the first five months of 1992, a performance that looks even poorer considering that last year's comparative period was depressed by the Gulf War, according to international auto analysts.

PSA lost 6.9 percent of its share of a smaller French market, while its main domestic rival, the state-owned manufacturer Renault, recorded a 14 percent advance. But Mr. Calvet dismissed Renault's as being "largely due to an increase in market share as a result of the PSA's vehicle registrations from 1991 being carried over to 1992 because of the strikes [at Renault] in the fall of 1991."

Renault, not surprisingly, had a different view: "The public simply realizes that we have been pursuing a policy of producing quality cars," said a company spokesman. "That was the road followed by Raymond Lévy; the policy is being continued by his successor as company president, Louis Schweitzer."

Bob Barber, senior automotive analyst at James Capel in London, regarded Mr. Calvet's explanation of Renault's increased market share as "right and wrong." He said, "Renault did do well in the opening months of the year because of the 1991 strike, but you would have expected the effect of that to have worked through by now. Having said that, there are signs that PSA is beginning to claw back at Renault's position."

Analysts also point to the launch of two new models in the Renault range, the Clio and Renault 19, as positive factors for the company. The Clio, which won awards from the



Louis Schweitzer

automobile trade press in 1991, has been especially well received.

Whatever the nature of the domestic dogfight, the major French companies have produced results for 1991 that are impressive in an industry that has troubles on a worldwide scale. PSA's 1991 turnover was 160.1 billion francs (\$30 billion), with a net profit of 5.5 billion francs. At 3.5 percent of turnover, analysts consider this a good margin, and it is the highest of any major automobile manufacturer in the world.

Renault had a higher 1991 turnover at 166 billion francs, but a smaller profit figure (and a correspondingly smaller margin) of 3.08 billion francs. PSA's debt position also looks healthier, with 9.4 billion francs on its books, as opposed to 15.53 billion francs for Renault.

Mr. Calvet described PSA's results as "good, in context."

The context, for any car manufacturer, is necessarily international. While French car buyers are tending to stay home, the outlook for Europe this year is little better, according to Mr. Calvet. "Predictions are difficult without all the proven economic facts. The European automobile market could be slightly weaker than 1991, but only by about one percent."

But in the export market the French industry,

is performing well, according to Mr. Barber. "Peugeot's sales are up about 5 percent, with Renault up about 6 percent. They are doing better than people might perceive from looking at the domestic market."

In Europe, PSA is claiming an advance of 5.9 percent in sales over the first five months of this year. Renault now claims a 10 percent share of the German market, which is down 7.4 percent over the same period in 1991. Since unification, Renault has sold 80,000 vehicles in Eastern Germany, and is third in market share behind Volkswagen and Opel, but ahead of Ford. It is export figures like these that boosted both companies' 1991 returns.

Dagmar Bottenbruch, European automotive analyst at Crédit Suisse First Boston in Milan, recognized the financial strengths of French producers "even though France is hardly the world's greatest market," but added that this strength would be needed in the context of the wider international challenges ahead.

"There is a whole Japanese discussion to be had," he said. "It is clear that the French are the most adamant in insisting that competition be open, but above all fair. Deregulation of the French automobile market is moving at a slow but controlled pace. It is understood that by the time the quotas go in 1999 the Japanese will have not more than 11 to 12 percent of the French market."

IF a recent report from London-based automotive consultants DRI/McGraw Hill is correct, the world's automotive market will be 20 percent larger by 1996. In that case, there may be a more relaxed attitude toward Japanese penetration of European markets. Until then, the French industry is seeking to compete not just in terms of volume of sales, but also efficiency — an explicitly stated objective of both PSA and Renault is to attain at least equality with the Japanese — and technological innovation.

The French manufacturers are pushing ahead with technology to aid both in production and in enhancing the ecological aspects of car use as well as passenger safety. Traditionally, Japan has had the edge over the Europeans, including France, in efficiency and innovation. Mr. Bottenbruch sees that situation evolving: "The French are not exactly on equal terms with Japan, but they can get close enough to be good enough."

Climate Turns Warmer for Privatization

Continued from page 11

prepared. Legislation was passed this spring permitting the state to reduce its holdings in the big insurance companies from 75 percent to just over 50 percent. Presumably, that law would be modified if the conservatives came to power.

The government, meanwhile, has continued to find ways to finance its troubled companies by various "backdoor" methods. Last December, for example, it announced a plan to marry money-losing Thomson Consumer Electronics with cash-rich CEA Industrie, the industrial arm of the French Nuclear Energy Agency. The plan, attacked on a host of fronts, has yet to be executed.

It was a departure from the usual cash-injection method, in which the state-owned banks have been employed to take minority stakes in the industrial groups. Last summer,

Crédit Lyonnais bought a 20 percent stake in steelmaker Usinor-Saclor, while BNP acquired 10 percent of Air France.

Most recently, the government reportedly was considering a plan in which Crédit Lyonnais would inject 1.5 billion francs into heavily indebted Aérospatiale, in exchange for 10 percent of the aerospace company's stock.

A resumption in privatizations next year, and a willingness by the market to absorb them, will be linked to continuing improvement in the French economy.

In the first quarter, the gross domestic product advanced 1 percent, or 4 percent on an annualized basis, according to INSEE, the state economic forecasting agency.

For 1992, the government is predicting 2 percent growth, while economists say GDP could advance as much as 2.5 percent.

Boosting the economy in the first quarter was a 4.3 percent spurt in exports. The good

performance continued in April, with a trade surplus of 7.8 billion francs, and in May, with a 4.5 billion franc surplus. The government now predicts that its trade will be in balance for the full year, a major improvement after suffering deficits of 32 billion francs last year and 53 billion francs in 1990.

Mr. Taze-Bernard of Indosuez said the turnaround in trade is "sustainable." It is due, he said, to gains in France's industrial competitiveness, particularly vis-à-vis other European countries.

"The evolution of unit labor costs in France has averaged around 2 percent a year since 1986, which is about 15 percent lower than the rest of Europe," he said. France has made major gains against its biggest trading partner, Germany, as well as Italy, Spain and Britain.

JACQUES NEHER is a journalist based in Paris.

Bankers Ponder Path Toward Hybrid Operations

Continued from page 11

French equities analyst at UBS Phillips & Drew in Paris. "There's a sizeable disparity in the way they go about it." Analysts' concerns are centered on two main areas, property risk in a depressed French real estate market and the possibility of more unpleasant surprises arising from the Maxwell affair.

But Claude Rubiniowicz, senior executive vice president in charge of corporate banking at Crédit Lyonnais, said that generally French banks have not been overoptimistic: "True, there were an exceptional number of large problems in 1991, but those have been accounted for. As for Maxwell, the problem is limited as far as Crédit Lyonnais' commitment is concerned. If French banks do have a problem with credit, it is with the smaller companies where the insolvency rate is currently high."

The first indications of whether the optimists or the pessimists have made the better call will come in late summer when early word of first-half results will be leaked to the markets.

Whatever the state of the banks' credit policies, some commentators would argue that the notion of banks making money from loans is quaintly old-fashioned. They would say that the modern French bank is moving toward the German model of a banque industrielle, which takes shares in its client companies and participates actively in their day-to-day management.

Skeptics argue, however, that the increased level of participation in French industry by state-owned banks is merely a way of skirting European Community rules against state subsidies to ailing industries.

The latest example of direct bank shareholding is the proposed deal, announced in early June, between Crédit Lyonnais and the French avionics company Aérospatiale. Aérospatiale

owns 37.9 percent of the European joint venture, Airbus Industrie.

The precise terms of the deal have not been published, and neither Aérospatiale nor Crédit Lyonnais would comment on them, but the structure is likely to be similar to the bank's agreement with the state-owned steel producer Usinor, in which Crédit Lyonnais took a 20 percent holding in return for a cash injection of 3 billion francs. This time a 10 percent holding in Aérospatiale is understood to be subject to transfer at a price of 1.5 billion to 2 billion francs.

Brussels is sending in its auditors to ensure that the subsidy rules have not been breached. The French finance minister, Michel Sapin, has publicly stated his confidence that the

French banks may adopt the German model of a 'banque industrielle.'

terms will be approved, and his sentiments were echoed by Mr. Rubiniowicz at Crédit Lyonnais: "I don't expect any problems with Brussels. I am confident because, like the Usinor deal, the terms of this offer are legitimately commercial."

Crédit Lyonnais, with more than 37 billion francs worth of stock in some 300 French companies, is at the forefront of a general move by French banks toward their industrial clients.

"I began after confidence in purely financial operations faltered following their decline in 1987," said Christiane Marcellier of the Paris brokerage DLP James Capel. "The French banks are moving toward the German model, where the banker actively helps to run the company."

Comparisons with the German banks are not univocally accepted, however. Some prefer to talk of the relationship in terms of symbiosis between client and banker.

"All our operations are done on a friendly basis," Mr. Rubiniowicz said. "We don't interfere with the companies' management style."

Whatever the management style, the French banks' share participation is definitely growing. Christiane Marcellier said the most active banks were Société Générale, CCF and Crédit Lyonnais, but that the early instigators of the policy were Paribas and Suez.

Paribas, for example, owns 37.5 percent of construction company Poliet, and with that company holds just more than 28 percent of Ciments Français, the world's third largest producer of cement.

Banque Nationale de Paris has spent 1 billion francs on a 10 percent stake in another state-owned company, Air France. It also has a 7 percent holding in Pechiney, the world's largest packaging company. The state-owned insurance company Union des Assurances de Paris is 20 percent owned by BNP.

Société Générale owns 7 percent of the industrial group Alcatel, which has earnings of more than 144 billion francs. The list goes on.

Is this an active banking policy or simply disguised subsidies? Ian Furnival at UBS Phillips & Drew believes it is somewhere between the two, arguing that the policy was clearly not wholly a commercial one. "What we haven't seen is banks coming in as equity partners with big blue chip private sector companies," he said. "It's only with the nationalized companies, which don't have access to the capital markets, that they're forging deals."

MARTIN BAKER is editor of the International Herald Tribune's Money Report.

A Strong Franc Leads the Way to Independence

Continued from page 11

Maastricht forces appear to hold the upper hand now that President François Mitterrand has announced his plan to put the treaty to a vote, there is still a significant risk that the French may say no.

Others worry that Mr. Bérégovoy's government, for all its economic rigor, will nonetheless be unable to resist Socialist Party pressure to pump money into the economic blood stream in an effort to ease unemployment as the election nears. That could lead to a significant widening of the budget gap beyond present expectations.

As a result of these concerns, French government bonds trade these days at roughly 80 basis points, or eight-tenths of a percent, above similar maturity German bonds. Moreover, while Dutch and Belgium rates barely wavered after the Danish vote on Maastricht, the spread between French and German rates widened by more than 20 basis points.

Government officials have a hard time understanding why, after bowing before the old-

time religion of economic orthodoxy for almost 10 years now, currency markets still don't fully accept Paris's conversion to the faith. For a decade, the French have endured painfully high unemployment in an effort to prove their worth. "We've done everything they wanted," a French economic policymaker lamented. "What more is there?"

One reason for continued skepticism may be that international investors are just beginning to catch their breath after Mr. Mitterrand's 10-month fling with Edith Cresson as prime minister. But now that the solid, trusted "Béré" is settling in at Matignon, the situation is starting to look up.

"It's now the opposition that looks flighty and disorganized," a European diplomat here said. "There's a degree of authority that makes it no longer so easy to write off the Socialists." Behind all the maneuvering for short-term political advantage, however, is the much deeper question of whether the European integrationists can continue to pursue their ultimate goal: ending France's dependence on the Bundesbank as the anchor of the EMS. The French have complained for years that they

have no influence over interest-rate decisions affecting all Europeans that are made behind closed doors in Frankfurt.

But if French voters reject Maastricht, Germany would no longer have to place the D-mark under the umbrella of a new European common currency, to be known as the Ecu. All hopes of Paris gaining any greater monetary authority would vanish.

That's exactly what worries France's European integrationists the most. "I want to see France seize this opportunity, which is handed to it on a silver platter," Valéry Giscard d'Estaing, a former prime minister, said at a recent conference. "To be the country which organizes the introduction, the management, the instruments and the markets for the Ecu."

In other words, as far as most French leaders are concerned, the sooner the franc goes, the better. But until that day comes, if ever, Mr. Bérégovoy and his possible successors may continue to be bedeviled by the franc's wayward ways.

TOM REDBURN is economics correspondent for the International Herald Tribune.

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Now, in the 1992 completely revised and updated edition, 124 pages of indispensable information in English on a selection of 50 of the most important French companies, as well as basic facts on other major firms. Includes information on the French economy and major sectors of activity, an introduction to the Paris Bourse, and a bilingual dictionary of French financial terms.

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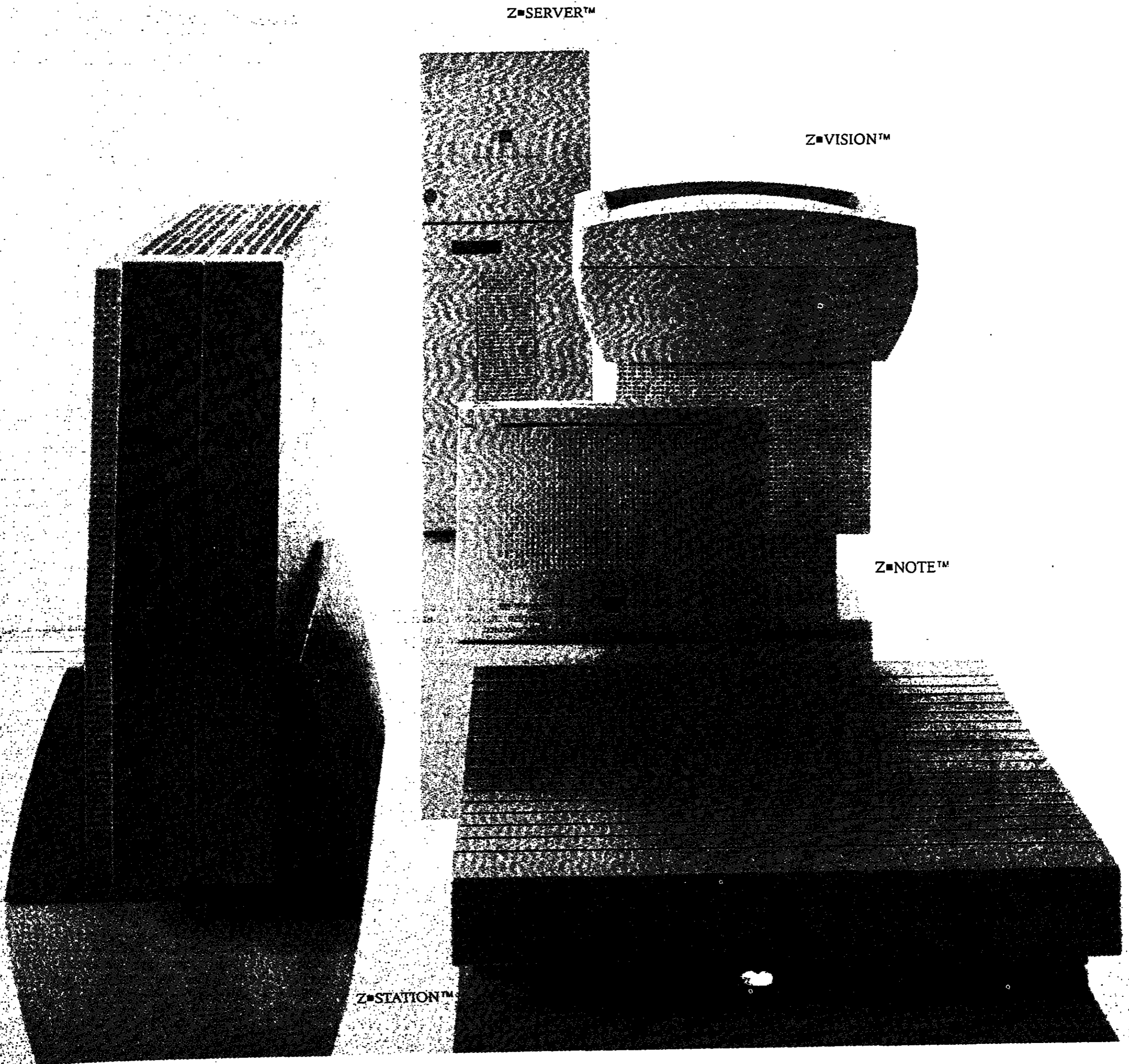
- ACCOR
AEROSPATIALE
AGF (ASSURANCES GÉNÉRALES DE FRANCE)
ALCATEL ALSTHOM
BANQUE NATIONALE DE PARIS (BNP)
BANQUES POPULAIRES
BÉGIN-SAY GROUP
CAISSE DES DÉPÔTS ET CONSIGNATIONS
CANAL +
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ELF ATOCHEM
EMC (ENTREPRISE MINÈRE ET CHIMIQUE)
ESSILOR INTERNATIONAL
FRAMATOME

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GIAT INDUSTRIES
GIF GROUP (GARANTIE MUTUELLE DES FONCTIONNAIRES)
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NYSE

Wednesday's Closing

Tables include the nation's opening and closing on Wall Street and do not reflect the trades elsewhere. Via The Associated Press

By The Associated Press

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T.

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T (continued).

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T.

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T (continued).

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T.

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T (continued).

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T.

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T (continued).

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T.

Table of NYSE stock prices for various companies including American Airlines, American Express, and AT&T (continued).

Advertisement for AMETEK water filters with the text 'Drinking water... is safer with Ametek's filter housings...' and an image of a water filter.

Advertisement for the system with large text 'The System' and 'Cover-U' and a logo 'AMERICA'.

مکان العمل

OPINION

Iraq: The System Punishes Scam Plus Cover-Up

By William Safire

WASHINGTON — On Oct. 13, 1989, a young Foreign Service officer sent a memo to his bosses warning of multiple investigations into the corrupt diversion of U.S. grain money for Saddam Hussein's nuclear bomb.

Two weeks ago, in preparation for a hearing of the House Judiciary Committee considering the need for a special Iraqgate prosecutor, that FSO, Frank LeMay, asked for a State Department copy of his memo and was surprised to see a cover note that had been attached: "Not in the system."

That meant that somebody at State saw the significance of his red-hot warning at the time and restricted the distribution.

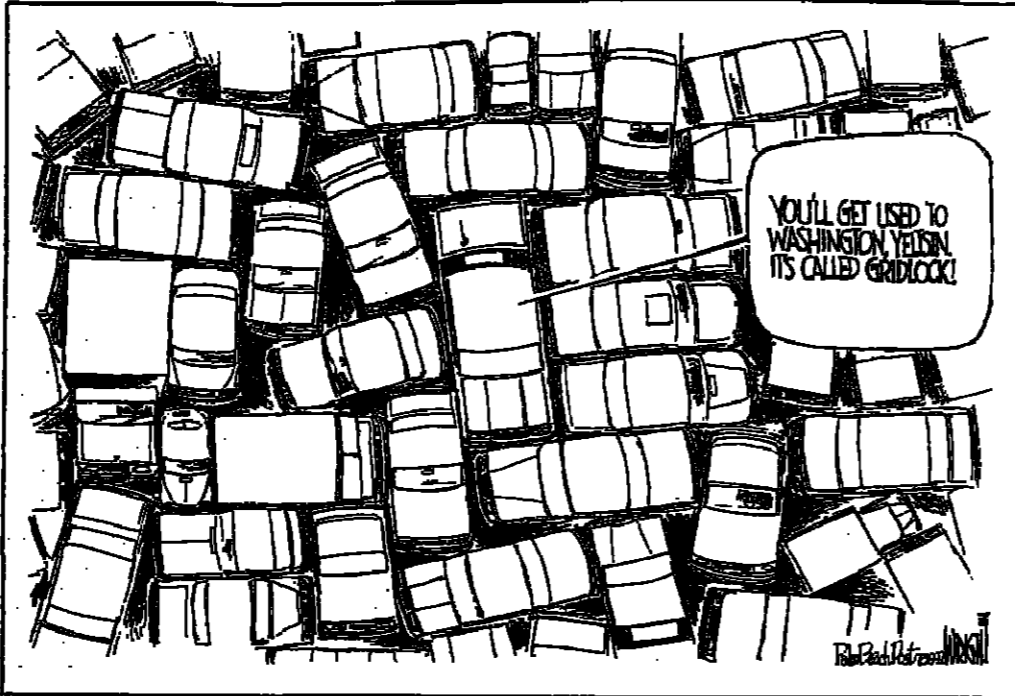
Why was the report withheld from normal channels? Because somebody knew that Secretary James Baker wanted to spend another billion dollars in backdoor foreign aid to Saddam, under the improper guise of grain guarantees, and it was important to suppress internal discussion of the spreading scandal.

Little details of bureaucratic deception like that form a mosaic of cover-up: first, in State perverting the use of Agriculture's farm export guarantees; second, in Commerce doctoring documents to mislead Congress; finally, in the Department of Justice delaying prosecution of a huge Iraqi fraud.

At the Judiciary Committee hearings this week, the crusty chairman, Jack Brooks ("Been reading your hokum for years, but you're on to something here," he tells me), laid part of the groundwork for requesting a prosecutor not beholden to Justice.

President Bush has resisted sending high-level officials to testify; but on Tuesday the White House wisely notified relevant departments to respond to the Judiciary's request for documents, sending copies to the National Security Council to keep the president one jump ahead of surprises.

At the hearing, a misfeasant Commerce Department inspector general sought to minimize or justify some 60 alterations of documents — changing the word "military" to "commercial," for example — digging that department into a deeper hole.



Chairman Brooks put into the record a letter from Atlanta's U.S. District Court Judge Marvin H. Shoob calling for a special prosecutor in the long-bottled Lavoro Bank case — in which Federal Reserve oversight judge, a Sicra type, wants the local bank manager pleading guilty to come clean, naming officials and companies who profited from his Iraqi scam. But a prosecutor sent from Washington arranged a last-minute plea bargain reducing the counts from 347 to 60 and permitting months more of his silence. Judge Shoob told the lawyers that he suspects "an effort here to extend the sentencing hearing until after the elections."

focusing on the bank headquarters in Rome. But that would have ruined the Bush-Baker backdoor financing of Saddam. Justice's Mr. Mueller sent a man down to Atlanta with a different theory of the case: that the Italians at bank headquarters were the real villains, and we shouldn't be so beastly to the Iraqis. That obfuscation successfully delayed indictment by one full year. Finally, when Desert Storm was over, Washington let Ms. McKenzie indict, largely on her original theory. As Justice admitted this week, "we concluded that the essential purpose of the scheme was to benefit Iraq — not BNL or the Italian government." Stupidity or venality? A majority of the committee thinks that the long delay and the current silencing by Justice cannot be investigated by Justice. I think a request for independent counsel will be voted; if Attorney General William Barr, to protect his colleagues, pretends to find no credible evidence for seeking court-appointed counsel, we will have the impeachment of a misfeasant attorney general. That's the system, which works. Nobody puts on a cover sheet: "Not in the system."

Lo, a Comfortable Literary Circle

By Jonathan Yardley

WASHINGTON — Esquire is at it again. Five years after inflicting on its readers a "Guide to the Literary Universe," the self-styled Magazine for Men, back with what it chooses to call "A Down-to-Earth Guide to Where Budding Writers Come From."

This icy, cluttered document is in all respects depressing, and in none more so than this: It is absolutely, conclusively and terminally accurate, in essence if not all particulars.

No, it's not supposed to be taken seriously, or at least not that seriously. It was done in fun, no doubt, and is meant to be received as such — and try telling

beneficiaries of stipends, or sinecures, paid out of university treasuries; if few of them get rich, neither do any of them get poor. They are as comfy as can be. They preen before their adoring disciples, give readings of "works-in-progress" at wine-and-cheese receptions, publish in magazines that circulate in the low four figures, issue from time to time their slender volumes of anemic stories — and fancy themselves to be at the very center of the literary universe.

An unintended consequence of this serene, hermetic existence is that nothing of weight or distinction is written by those who live it. Not merely are the writers-professors-gurus cited by Esquire almost universally unknown, they are the authors of work so pallid and irrelevant as to mock the idea of serious literary fiction and poetry.

MEANWHILE

that to the assistant professor of creative writing at Yahoo State who cannot for the life of him find his name herein.

But whatever the motives behind its formulation, this latest "Guide" paints a faithful portrait of the American literary scene in this, the final decade of the 20th century. It is all the more faithful when one considers the source: Although Esquire, with unwonted modesty, absents itself from the "Guide," it is in fact a most sedulous participant in precisely the literary culture it depicts.

Five years ago Esquire's "Guide" was both cynical and frivolous. It was, as I noted at the time, "not so much a ranking of writers and publishers as one of hustlers and promoters." This, it will be recalled, was the high moment of the Beat Pack novelists, as well as the editors and agents and other hangers-on who profited off them. Esquire celebrated them with all due ceremony.

But the Beat Pack is history. These are the 1990s, a kinder and gentler age. The literary world that Esquire tellingly portrays is a tiny, closed circle, the chief constituents of which are publishing houses and the fiction editors they employ: general-circulation magazines and literary journals, most of the latter doggedly obscure; and university writing programs and the writers-professors-gurus who hold sway therein.

Esquire does not explain how this circle operates — its "Guide" is accompanied by scant text or apology, only a two-page drawing and the lists it features — but one need possess no brilliant powers of deduction to fathom its workings. The aspiring writer enrolls at a university and attaches herself to a guru in the writing program; he steers her stories into one of the little magazines, and after enough have appeared he moves her along to an editor at a publishing house with whom he has a relationship of mutual convenience; the aspirant's first book appears, she is hired as a teacher of creative writing at her alma mater or some other institution, and soon enough begins playing her own little part in the eternal clockwise movement of the chain.

All but a handful of the individuals included in Esquire are utterly unknown to all but a handful of Americans outside the chain.

A tight insularity distinguishes the literary culture of today from its forebears. There is nothing new about the incestuous politics it plays. One need only read George Gissing's penetrating novel "New Grub Street," published in 1891, to understand that so long as there has been a literary profession there has been literary politics.

It is no less instructive to read the biography of, say, F. Scott Fitzgerald to be instructed about the delight he took in playing at literary patron and mentor; long before the writing schools came along to institutionalize the procedure. Famous Writers were hard at work embellishing their own reputations by furthering the careers of others.

The practitioners of "high" literature in the shank years of this century are the

When Our 'Entertainers' Turn the Republic Sour

By Leonard Garment

WASHINGTON — The telephone call found me in a small, neat hotel room in a small, neat Swiss town. Had I seen Vice President Dan Quayle's latest speech on values?

Fax me a copy, I said, and walked to the lake, where swans and ducks paddled peacefully and bourgeois families strolled, to smoke a cigar and drink a beer.

Switzerland is as smooth and creamy as its chocolate. There is little unemployment and the land lies mostly in homogeneous middle-class harmony. Clocks, trains and civic virtues run on time. People are friendly, hardworking and God-fearing.

But these attractions soon pale for the Swiss lack the intellectual and cultural debates and the class, racial and religious diversities that make a country absorbing. An American visitor described Switzerland as "Scarsdale with mountains."

Back at the hotel in Zug was the Quayle speech, with its assertion that there are "two cultures" in America, "the cultural elite and the rest of us," and its argument that "we Americans" should speak out against the other side in the great culture wars.

Not long afterward I discovered that the main shortcoming in the speech was not its disapproval of Hollywood's morals. The problem was that the disapproval did not go deep enough.

While flying home I saw Oliver Stone's film "JFK." Virtually everyone, according to Mr. Stone, was in on the plot to murder John Kennedy and usurp the government. The CIA was in on it. Lyndon Johnson was in on it. Not content with killing a president, the same guys murdered Robert Kennedy and Martin Luther King Jr.

When "JFK" came out, plenty of people in the professional political community looked askance at it. But in Mr. Stone's artistic world hardly anyone laughed or criticized.

It was no surprise that Hollywood should have seen "JFK" as reasoned political discourse. Viewers are familiar with a staple theme: President, CIA, military, police, businessmen, legislatures and electoral politics are all useless and corrupt. The entertainment community's political activities are organized around the view that

To be sure, a few among them possess stylistic and imaginative gifts, and the books of a very few sometimes achieve notice outside the daily chain, but these are rare exceptions. The salient fact about the writing done by these people is that it simply and conclusively does not matter.

Perhaps this is itself of no consequence. The protestations and prayers of publishers and booksellers notwithstanding, literature does not occupy the central cultural position that it did in the pretechnological age.

But what is not depicted in Esquire's drawing is that there is a wall around this cozy garden, which shields the occupants from the hard, complicated and indifferent world outside. That they choose to stay behind it is easy enough to understand, human nature being such as it is; it is equally easy to understand why scarcely a soul on the outside knows, or cares, what they do there.

The Washington Post

LETTERS TO THE EDITOR

Where Is America Now?

I feel anger growing inside me. All the years of placing my hand over my heart and reciting the Pledge of Allegiance, all the years of having been told and shown that America was the greatest country on earth, the protector of the innocent... That is what we were told as we shipped our husbands, sons and brothers off to Korea, Vietnam and Kuwait. Humanity and moral uprightness — not special interests — were the backbone of American patriotism, and the justification for risking American lives.

Today I feel duped, somehow, but I still have faith. I am ashamed that my country, a year after expelling the invading forces from Kuwait, has suddenly decided that, as President George Bush put it recently, "We're not the world's policeman." The poor souls of Sarajevo are surely asking themselves, "Where is God now?" At the moment, I am looking in a more earthly direction and I say, "Where is America now?"

DEIRDRE PICHON, Rome.

A Martian Republic

The Slavs who migrated to the region of Macedonia were certainly not Macedonians to begin with, but having mixed with the local population and lived there for centuries, they called themselves Macedonians and were so known to other countries. Nations are products of many cultures and they usually take the name of the region where they live. The ethnic makeup of today's

Greeks is different from that of ancient Greeks because of migrations from Asia, but no one questions the Greeks' identity.

By supporting the current Macedonian leadership, Greece would eliminate both Greek and Macedonian extremism and clear the way for a stable future. Unfortunately, it seems that the Greek leadership has gone too far to step back and find such a solution.

In this twilight situation I shall dare to suggest that Macedonia change its name and proclaim the Republic of Mars. Thus we could please the Greeks and laugh at the New World Order at the same time. The only problem would be if little green aliens arrived in their flying saucers to object to our laying a claim to their planet.

ZORAN MATLIEVSKI, Ohrid, Republic of Macedonia.

Graphic Shock

There are many people who do not live their lives in overt denial or naivete, and yet for whom the chilling front-page photograph of a man being executed, shot in the head as he walked in front of a policeman (May 9), remains terribly out of place.

Yes, the world can be miserable, and any society that embraces capital punishment is very likely in spiritual decline. Some of us, however, have to go to work in the morning, and we may be entitled to a "warning label," as with television news, that an editorial decision has been made to graphically shock us.

CLAYTON VERNON, Boulogne-Billancourt, France.

Fortunes of War and Peace

Regarding "Recalling a Betrayal, Over Lunch" (Meanwhile, June 5):

Any war leaves its trail of private tragedy, and Phil McCombs's piece on the fate that has befallen one of the millions of Nguyen Van Thieu is an example. Mr. McCombs's concern about the Vietnamese would be more convincing, however, if he did not waste ink on bankrupt platitudes like "Vietnam should be free."

It seems to me that anyone truly anxious to see an end to the ongoing misery of the Vietnamese people would use the space available to call for the immediate termination of the United States' vindictive, 17-year, temper-tantrum embargo.

ROD MILLER, Geneva.

The Aims of a TV Channel

Regarding "It's Paris and Bonn vs. Hollywood" (Features, June 17):

The European cultural channel Arte is trying to express European cultural identity. But Arte regularly integrates English and American quality products into its programming. And Arte is based on the conviction that no culture can subsist by considering any other as adversary.

We would like to create an understanding of Arte beyond the notion of it as "another instance of high culture dispensed grandly from above."

HEINZ UNGURELT, Director, European Programming ZDF German Television Network, Mainz, Germany.

A Perot Revolutionary

Regarding "A Perot Craze in Lieu of Politics" (Opinion, May 28):

As a frequent traveler to Asia and Europe, I have come to enjoy the pleasures of reading the International Herald Tribune. But Garry Willis's article is the worst kind of pap. Those of us who have been following Ross Perot for years like what we see and hear.

Unfortunately, the press is distorting Mr. Perot and his views. The comment on gays that Barbara Walters forced out of him in a recent interview was distorted in every piece I have seen.

I support Mr. Perot because government has become the enemy. The big agencies have become tools of special interests. Rather than protect people, they rob us of our liberty.

It took 19 months to construct the Empire State Building. Now, it would take five years to get the permits. It's time to stop the lunacy. We need a revolution and we need it now.

MARK TAYLOR, Santa Cruz, California.

The Right to Hate

Regarding "High Court Strikes Down a Law on 'Hate Crimes'" (June 23):

Now that the nine justices of the Supreme Court have unanimously decided to protect the rights of those who hate, who will defend the rights of those who are hated? This is justice? The logical conclusion of the ruling is that we may now burn a cross on the steps of the Supreme Court with impunity!

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K O I REPUBLIC OF TURKEY PRIME MINISTRY PUBLIC PARTICIPATION ADMINISTRATION

Loser: Hong Kong Democracy

Colony Council Rejects Direct Voting System

By Laurence Zuckerman
International Herald Tribune

HONG KONG — Any remaining hope of establishing a democratic political system in Hong Kong before the 1997 handover to China appeared to fade after the colony's Legislative Council rejected to stand by an earlier proposal for half its 60 members to be directly elected in 1995.

By a vote of 25 to 23 on Wednesday, the council dropped the specific call for 30 directly elected members and substituted a motion that contained no numbers for the council that will serve through the first years of Chinese rule. Currently, 18 of the 60 seats are directly elected.

The substitute motion simply called on Britain to reach an early decision on the 1995 election and to seek Chinese acceptance of it "in order to achieve smooth transition of the political system." The motion was supported by pro-Beijing politicians and local business interests.

The vote relieves pressure on Britain, which has been facing growing demands to honor a 1990 pledge to ask China to increase the number of directly elected seats in the legislature. The British pledge was made despite Beijing's position that the Basic Law governing Hong Kong after 1997 could not be changed before.

Britain had not specified an exact number while promising to go back to Beijing "at the appropriate time." After the council vote Wednesday, observers in Hong Kong said they now doubted that Britain would be able to extract any concessions from the Chinese.

The observers also felt that the vote signaled Beijing that its recent pressure tactics and veiled threats had been successful.

"I hope the British will understand who speaks for the people

and who has the mandate of the people," said Jimmy McGregor, who submitted the losing motion, in a clear reference to the popularly elected legislators who voted for it.

The vote reflected the dramatic shift in Hong Kong politics since China's crackdown on its pro-democracy movement in Tiananmen Square three years ago. Those events stirred the colony, drawing broad support to those calling for more democracy as a way to ensure that the future autonomy promised Hong Kong by the 1984 Sino-British Joint Declaration would be protected.

During a debate in October 1989 over the original motion, many councillors advocated that all 60 members be directly elected in 1995. Eventually, a compromise formula calling for only half that number was passed unanimously. That was the proposal that was rolled back Wednesday.

Despite the 1989 vote for 30 directly elected members, Britain and China reached a secret agreement that only 20 would be directly elected in 1995. London also agreed that the political system in place in 1995 would be the same as that specified in the Basic Law, the miniconstitution drawn up by Beijing under which it will rule Hong Kong.

While ruling out any changes in the Basic Law before 1997, Beijing has increased pressure on Britain in recent months by withholding its approval of financing arrangements for Hong Kong's new \$16 billion airport and stepping up its critical comments on Hong Kong affairs.

Last week, Guo Fanguan, the senior Chinese representative to the Sino-British Joint Liaison Group, which is charged with working out the details of the transition, cautioned Britain not to appoint to the colony's ruling Executive Council those who were bent

on "subverting" the Chinese government.

The comment was widely seen as a warning to Chris Patten, the newly appointed governor who will take up his post next month, not to appoint Martin Lee, a strong advocate of democracy and chairman of the United Democrats of Hong Kong. The grouping swept the colony's first direct elections last fall.

In an unusually strong reaction, British officials in London summoned the Chinese ambassador to the Foreign Office last week to make a formal protest over the remark, which they said constituted interference in Hong Kong's internal affairs.

The Chinese Foreign Ministry rejected Britain's complaint Wednesday.

Such diplomatic infighting has begun to unnerve Hong Kong's business elite, which worries that disagreements over democracy could destabilize the colony and undermine its booming economy.

This line ran through comments in Wednesday's debate by those who opposed the call for more directly elected seats.

"If we neglect the Basic Law and insist on our own ways, it will be like that Chinese saying, 'If you insist on bumping your head against the wall, you will find it very painful,'" said Ngai Shiu-kit, the councillor who proposed the alternate motion.

Those who favored reaffirming the 1989 motion for 30 directly elected seats argued that Hong Kong should have the courage to assert its democratic rights. They also cited opinion polls showing overwhelming popular support for increased democracy, even if it meant challenging Beijing.

"At a time when the Chinese government took drastic action, we were not afraid," said Mr. Lee, referring to the 1989 vote. "Now, when China is heading for reform, we are stepping back."



COMMANDER IN CHIEF'S FAREWELL — President Corazon C. Aquino bidding soldiers farewell Friday at a tribute at Camp Aguinaldo, on the outskirts of Manila. Mrs. Aquino, who will leave office Tuesday, is armed forces commander in chief. In a reference to threats to her presidency from military factions, she said, "We never had it easy, you and I, as easy as those who will come after us." With her was the chief of staff, General Lisandro Almazan. He said that the military had "come home" to the people.

ASIAN TOPICS

China and Kazakhstan Open First Link in New 'Silk Road'

Passenger rail service began this week between the Xinjiang Uygur autonomous region in western China and the neighboring former Soviet republic of Kazakhstan. It is the first link in a rail route projected to stretch from the Chinese port of Lianyungang on the Yellow Sea and across Asia and Europe to the Dutch port of Rotterdam. Officials call it a revival of the "Silk Road" overland trade route of the Middle Ages. The first train left the Xinjiang capital of

Urumqi for a 33-hour, 1,350-kilometer (840-mile) trip to Almaty, capital of Kazakhstan. Beijing officials say the rail service should help to develop Xinjiang, a vast region that so far has seen little of the rapid economic growth of coastal China.

Around Asia

The Japanese are forgetting the ancient art of eating with chopsticks, complains Masaaki Yatai, a children's education specialist at Meiji Gakuin Women's College. "The Japanese have been using chopsticks for more than 1,300 years, and it's a representative cultural asset," he said. "Yet Japanese today can't use chopsticks properly at all." Statistics bear him out. According to a 1990 study by the Children's Life Science Research Center in Tokyo, only 10.6 percent of elementary school pupils could correctly use chopsticks,

compared with 15.7 percent in 1984. Back in 1936, Mr. Yatai says, nearly 75 percent of 3-year-olds used chopsticks correctly.

A brown and white panda found and photographed by a wildlife protection team in central China's Shaanxi Province is only the third of its kind on record, according to the magazine Chinese Science News. Most pandas are black and white. The magazine said the panda was found Feb. 13 in the Qinling Mountains. Some researchers have speculated that the brown and white pandas mark a return to the colors of their ancestors, the magazine said. Others say they may be a new breed. The newspaper China Daily said a brown-patched female panda was captured in 1985 and has given birth to several cubs with normal coloring.

Arthur Higbee

Miyazawa Prepares His Army

He Assures Asians On Role With UN

TOKYO — Prime Minister Kiichi Miyazawa told senior officers of the armed forces Thursday to prepare for their new role as UN-peacekeepers overseas, assuring them that such a mission was in keeping with the Japanese Constitution.

"The Self-Defense Forces will be taking on a new role of international contribution through peacekeeping activities," Mr. Miyazawa told a gathering of about 200 division commanders, admirals and air force chiefs.

"Needless to say, the mission to take part in United Nations peacekeeping forces is in harmony with our nation's peace principles, as set out in the constitution," Mr. Miyazawa said. The constitution prohibits the threat of force or its use to settle international disputes.

Mr. Miyazawa's peacekeeping operations bill became law last week after a 20-month parliamentary battle. It allows Japan to send troops abroad on active service for the first time since 1945.

In his address to the officers, the prime minister alluded to fears about the new law expressed in some Asian countries that were overrun by Japanese troops during World War II.

"Japan will never become a military threat to other countries," he said. Mr. Miyazawa's government will send a dozen officers and senior defense ministry civil servants to Cambodia next week to study possible missions for Japanese troops such as road construction.

A New Battleground in Beirut

For Many, Economic Pain Replaces Hardship of War

By Ihsan Hijazi
New York Times Service

BEIRUT — Now that the hot and humid weather has descended on the Lebanese capital, the pink and white ice-cream van arrives every afternoon, playing either the "Pink Panther" theme or, oddly, "Jingle Bells."

Ahmed the ice-cream man parks his American-made van at the corner of Rue Verdun and Bashir Al Kassar Street, in one of Beirut's more exclusive residential quarters, where elegant apartment buildings that survived the civil war stand as a reminder of how affluent this city once was.

Smartly dressed boys and girls escorted by Sri Lankan or Filipino maids come out to buy cones filled with ice cream of all colors.

One would never think that this area, now tranquil except for the hustle of busy traffic, experienced the worst part of the bread riots last month, when mobs protesting runaway inflation and subsistence wages rampaged through the streets, smashing windows and throwing garbage at the entrances of luxurious houses to show scorn for the rich.

The damage has been repaired, leaving no scars to testify to what happened. The initial shock has been absorbed and life has returned to a daily routine. But nothing has really changed.

The depreciation of the Lebanese pound, which set off the May 6 riots, has not been checked, and most Lebanese still cannot catch up with the rising cost of essential goods.

The public appeared to be pacified by the resignation of one cabinet member and the formation of another. It

did not seem to matter that 15 of the 24 ministers in the latest government had served in the old administration, which was blamed for the economic hardships that the country is enduring as a painful consequence of 16 years of factional violence.

"Lebanese went back to doing what they had been doing as if nothing had happened," a commentator on the Christian television station LBC said as he introduced a tongue-in-cheek weekly program, "Hello Civilization."

It discusses pollution caused by uncollected garbage because the city has run out of money to pay workers, continuing electricity ra-

tioning, a purge in the state-run real estate department to remove corrupt civil servants, the 4,500 telephone lines that are out of order, and of all things, the flourishing nightclub activity.

The owners of Jimmy's, an exclusive nightclub on Rue Verdun, have just opened a new Italian restaurant across the street, in a building that once housed the defunct Soviet cultural center. Business is thriving, according to the headwaiter.

"Beirut continues to live up to its name as a city of contrasts," said Camille Habre, who runs a men's boutique selling \$1,200 Italian-made suits and \$500 French-made silk shirts.

The contrasts are everywhere. While the bread riots caused one gallery here to postpone an exhibit by a local artist last month, the gallery found when it reopened last week that paintings were selling briskly, at \$1,000 to \$3,500. "The demand for art far surpasses the supply," said Sobeil Barakat, the owner of the gallery.

Many Lebanese expected that when Shiite Muslim kidnappers freed the last known Western hostages in Lebanon, two German aid workers last week, things would improve sharply.

"Lebanese can now expect conditions to be on the up and up," Prime Minister Rashid Solh said in anticipation of what the state-run radio and television stations described as the flow of foreign aid for rebuilding Lebanon.

Officials have maintained that

the reason outside aid was not forthcoming was the hostage issue, but others here are not so sure. "Lebanese are in for another shock if they think aid is going to start pouring in right away," the private Voice of Lebanon radio said.

As the economic debate continued, the government issued a policy statement saying it would hold an election this summer for a new parliament, in what would be the nation's first general election in two decades.

The election is the talk of the town, with newspaper front pages carrying daily articles about when and how they are going to be held, and if they should be.

At its first regular session after taking office on May 16, the Solh cabinet approved a new election law, raising the number of seats in the one-house legislature by 26, to 134.

"This is to satisfy the religious communities," the prime minister said. Despite years of sectarian strife, parliamentary seats are still divided along religious lines, with equal shares going to Muslims and Christians. But each of the 10 Christian denominations and 4 Muslim sects has also to be assigned seats proportionately.

The Confederation of Trade Unions, which had called the protest last month, has accused the government of trying to sidestep worsening living conditions by distracting the general public with political preoccupations.

The leader of the confederation, Antoine Bishara, said, "How can officials even think about holding any kind of elections when the majority of Lebanese cannot find enough to eat?"

UN Says Africans Need Aid Swiftly

NAIROBI — The United Nations says urgent relief aid is needed to avert large-scale deaths among millions of starving sub-Saharan Africans.

"There is still time to avert widespread loss of life on the scale witnessed in 1984-85, but a massive international relief effort will be required," the UN Food and Agriculture Organization said in a report.

Up to a million people died in Ethiopia alone in 1984-85 — the last big African famine — but relief workers said that drought was not as widespread as this year. The agency said 19 countries were hardest hit. Some are already reporting widespread deaths, mainly in eastern and southern Africa, from the effects of drought and civil war.

Ethiopia Cautions Dissident Faction

ADDIS ABABA — President Meles Zenawi of Ethiopia has threatened to use force against a major armed faction that quit the interim government.

"The government cannot allow armed factions to disrupt the peace and tranquility of the nation," he said Wednesday. "They must be checked."

The Oromo Liberation Front said it was pulling out of the government, alleging intimidation by Mr. Meles's Ethiopian People's Revolutionary Democratic Front. The dissident group claims to represent about 20 million of Ethiopia's 55 million people.

The rift is the most serious since the former rebel groups overthrew dictator Mengistu Haile Mariam 13 months ago. Their victory ended a 30-year civil war and led to the creation of a broad-based transitional government.

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Antarctic Ozone Hole Reaches Record Size

TOKYO — The gap in the protective ozone layer over Antarctica reached a record size last year, Japan's Environment Agency said Thursday.

The amount of the ozone layer destroyed over the South Pole was 4.3 times larger in 1991 than 10 years earlier, an agency spokesman said. The ozone layer protects the Earth from the sun's harmful ultraviolet rays, which can cause skin cancer in people and kill plants.

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Japan Bid High for Vietnam

He Assures Asians On Role With UN

HANOI — Japanese Prime Minister Kiichi Miyazawa told senior officers of the armed forces Thursday to prepare for their new role as UN-peacekeepers overseas, assuring them that such a mission was in keeping with the Japanese Constitution.

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In the Bundestag, A Raging Debate Over Abortions

By Marc Fisher
Washington Post Service

BONN — In a marathon debate lasting well into Thursday night, Germany's parliament struggled over an abortion reform proposal that would reverse centuries of tradition, outrage the country's powerful Roman Catholic Church and further erode the influence of Chancellor Helmut Kohl.

Both sides of the abortion debate expected a close vote despite early estimates that the move to liberalize the current Western German law would prevail.

The divisive battle set Eastern Germany against Western, Catholic against Protestant and one party in Mr. Kohl's ruling coalition against another.

Freed from the usual obligation to toe the party line, at least 20 parliament members from Mr. Kohl's Christian Democratic Union were expected to abandon the chancellor and vote for a more liberal law.

The liberal proposal would allow women to choose an abortion in the first 12 weeks of pregnancy, after they have submitted to a nonbinding counseling session.

Mr. Kohl's party supported a bill based on the former West German law, under which abortion was a crime punishable by imprisonment. Women could obtain an abortion

only by proving to physicians that they were in medical, psychological or social distress.

"Our common goal is the effective protection of unborn life," said the president of parliament, Rita Süssmuth, who broke with the chancellor to support the liberal bill.

"But I ask myself, why is the doctor or judge given more responsibility than the woman who assumes responsibility for the child for a lifetime? Nobody can deny the woman the final decision."

But Ingrid Karwatzki, a fellow Christian Democratic Union member, said decriminalizing abortion would place "the interests of the pregnant woman over those of the child," which she called a violation of the "Christian concept of humanity."

Of all the myriad issues that had to be resolved in the negotiations to reunite East and West Germany two years ago, abortion proved the trickiest. Stalemated, the two Germanys passed the buck to the current legislature, requiring passage of an all-German law by the end of this year. Abortions had been legal on demand in East Germany.

Since unification, the old laws have remained on the books, creating a curious situation in which abortion is legal in one part of the country and largely forbidden in the other.

Last year, 32 percent of pregnancies in Eastern Germany ended with abortions; in Western Germany, 9 percent of pregnancies were aborted.

Germany's Catholic bishops waged a bitter war of words against any easing of restrictions on abortions, repeatedly comparing abortion rights supporters to the creators of the Nazi genocide.

Cardinal Joachim Meisner of Cologne angrily demanded that Mr. Kohl's party drop the word "Christian" from its name if it failed to stop the liberal bill.

Other church officials compared the abortion reform proposal to the Nazis' euthanasia campaign. Thursday, the bishop of Fulda ordered all church bells to be rung in protest against any relaxation of abortion limits.

But in Eastern Germany, which has a Protestant tradition but remains largely free of religious allegiance after four decades of Communist rule, many women consider even the more liberal proposal not only a loss of their own rights, but a sign that the West is unwilling to allow any remnant of Eastern life to be adopted by the united Germany.

ANC Sets Vigils Worldwide for Township Dead

The Associated Press

JOHANNESBURG — The African National Congress on Thursday ordered its officials worldwide to hold vigils and boycott South African products Monday to mourn victims of last week's massacre.

International pressure mounted on the ANC, the leading black nationalist group, and the white government to settle their differences and resume talks on ending white minority rule.

The Commonwealth secretary-general, Chief Emeke Anyaoku of Nigeria, said he might visit South Africa to try to revive the negotiations, which were cut off Tuesday by the ANC. "It's on the cards," the leader of the 50 Commonwealth nations told the BBC. He said he had been in touch with the parties concerned.

The U.S. Embassy said it would observe the day of mourning called by the ANC and urged both sides to work toward resuming negotiations.

The ANC broke off all talks with the government Tuesday to protest the killing June 17 of 42 people in the Bopetong black township and what it calls government intransigence in negotiations.

BUSH: On the Critical Issue of Leadership, America's Electorate Finds President Lacking

(Continued from page 1)

ty to lead — they are doing so in a world very different from the one in which he was elected in 1988.

By 1992, America no longer seemed to want a president who could carry out assignments on well-charted ground. The nation and the times demanded one who could set new goals and devise the next mission for a people entering wild territory.

Having pursued his career with a bomber pilot's single-minded focus, Mr. Bush now finds himself frozen on the top step, unable to explain clearly what he has tried to accomplish in the last three and a half years or where he would like to take the country.

Asked that very question, the president listed a series of general goals: "In the first place, I'd like to see it set in an environment of world peace. Secondly, I think at home, changing fundamentally revolutionizing education is critical. And I'd like to see a domestic environment where we have a return to safety in the streets, and we have it where mothers don't worry about their children walking home from school."

But a raft of recent public opinion surveys show that Americans don't really understand what Mr. Bush means by that, how he has tried to lead the country since 1989 or how he intends to achieve his goals if he wins a second term.

The most recent New York Times/CBS News poll, taken on June 17-20, shows Mr. Bush's overall ap-

proval rating at an all-time low of 34 percent. A large majority said the administration was drifting without clear policies. And in the end, a majority of Americans said Mr. Bush had not said enough about where he stands for them to judge what he might do if he won re-election.

Only 9 percent said he had kept all or most of his campaign promises. Indeed, Mr. Bush — the "read my lips" candidate of 1988 — has never quite recovered from the damage he did to his standing in his own party by agreeing to raise taxes in 1990.

Mr. Bush easily listed what he considered his accomplishments: an education program that sets general goals for local schools to reach by century's end; existing legislative ideas he endorsed and helped shape on child care, air pollution and the rights of the disabled. He also cited his appointment of conservative judges to the federal bench.

In foreign affairs, he spoke of "great, earthshaking" accomplishments, including the recent agreement cutting Russian and American nuclear weapons, and his role in the unification of Germany and in the transformation of the former Soviet Union. "And, of course, Desert Storm was a significant and major accomplishment," he said.

Indeed, when people surveyed in the new poll were asked to name Mr. Bush's single most important accomplishment as president, 29 percent said the Gulf War. Another 18 percent said foreign policy in general. But only 1 percent mentioned the economy and leadership abilities, and 39 percent could think of nothing at all.

Of those who listed the victory over Iraq as his major accomplishment, hardly anyone could think of any other notable achievement.

Behind these numbers are other statistics that paint a starkly negative picture of Mr. Bush's first term: record high unemployment, low consumer confidence and even lower confidence in government.

Certainly, the president inherit-

ed some of his economic problems from a previous administration, though it was one he helped manage. And Congress shares both credit and fault for much that has occurred.

But as voters assess Mr. Bush's presidency, the most consistent observation is that while he is a good crisis manager, he has been reactive at a time when the nation needs a creative, forward-looking leader. And his record shows few, if any, domestic initiatives.

The White House justly responds that Mr. Bush has shown

domestic initiatives. But some say he has not done a good job working with the Democratic Congress.

Mr. Gingrich, sharply critical of Mr. Bush's decision to break his "no new taxes" campaign pledge in 1990, said the president spent too much time trying to play the conciliator with an unwilling Democratic majority in Congress, and then did not fight hard enough when his efforts failed.

"He has resolutely avoided accepting responsibility for what I think is an unavoidable civil war culturally about where this country is going," said Mr. Gingrich, who believes the 1992 election ought to be a moral, philosophical and cultural battle. "All of his social instincts and his personal grace lead him to conciliate. In a civil war, you have to pick sides and win."

If it is difficult to tell which side Mr. Bush is on at times, it is equally hard to tell who is on his side. Interviews over recent weeks produced only one large, easily defined voting bloc squarely in his camp: the several million voters who vote for the candidate most squarely opposed to abortion.

Richard Land, head of the Christian Life Commission for the Southern Baptist Convention, concedes that most of these are one-issue voters who don't care about the president's record on any other issue.

Mr. Bush long ago lost the enthusiastic backing of bedrock conservative Republicans.

"It's because on those rare occasions where he has taken a 'firm' stand on an issue, frequently he has embraced several positions on the same issue, often ending up on the wrong side," Edwin J. Feulner, president of the Heritage Foundation, wrote earlier this year.

Michael Samara, a former Reagan administration official who now teaches political science at Northern Arizona University, seemed to sum up the focus of Republican discontent.

"I'm on the list for all the Republican presidential fund-raisers," he said. "I just write on the solicitation, 'No new taxes,' and send it back."

'In the final analysis, people are going to say, "Who do you want sitting at that desk? Who has the temperament? Who has the experience? Who do we trust?"'

President George Bush

leadership in the area he clearly cares about most — foreign affairs, where at times he has demonstrated the power and adroitness that have escaped him on the domestic front.

Much of what Mr. Bush has done, however, has been in response to the startling events that have occurred around him. He has been far less successful at articulating America's mission in a post-Cold War world. Critics say that failure has been dramatized by what they see as Mr. Bush's lack of leadership in responding to the civil war in Yugoslavia.

But even his successes in foreign policy seem to mean less to voters now.

"The attitude of the American people is: 'Glad you ended the Cold War, defeated the Soviet empire and extended freedom. Which of you guys can do more for me next?'" said Representative Newt Gingrich of Georgia, the House Republican whip. "That's a legitimate question, and it's the challenge that Bush faces as a leader."

In election years, Mr. Bush has been quick to seize on symbolism, as he did in 1988 with his visits to flag factories. And in this campaign, led by Vice President Dan

the political spectrum believe that at its core, Mr. Bush's problem is one of credibility.

"People don't think Bush is a crook," said Barbara Bares, professor of political science at Loyola University in Chicago. "They're just not sure what he's doing, and in that case they think he's doing nothing."

In recent weeks, Mr. Bush and his aides have been scrambling to find actions that will make him seem more presidential. But after leaving domestic issues largely alone for most of his term, all this activity may not be helping.

"Anything they do now has hanging over it the question, 'Why didn't you do it earlier?'" Mr. Gingrich said.

These days, Mr. Bush talks almost wistfully about having a Republican Congress to help him enact his legislative agenda.

"When Reagan came into office and I was the vice president, he got a lot done in the first term because he controlled one house of the Congress," he said. "And it makes it an awful lot better if you control, say, one house, saying nothing of two."

Mr. Bush blames Congress for his failure to enact more than a few

EUROPE: Longer Role for Delors

(Continued from page 1)

But Community leaders are in no position to resolve those questions in Lisbon.

"I have a very comprehensive knowledge of the positions of each country and I have to be realistic," Portugal's prime minister, Anibal Cavaco Silva, said earlier this week.

On the budget, the EC remains split: its poorer members — Portugal, Spain, Ireland and Greece — favor a big increase in spending on development in their countries, and the wealthier states — Germany, the Netherlands and Britain — are trying to hold down their contributions to the Community.

Enlargement of the organization is also on hold until the clouds over Maastricht clear. During the six months of its presidency, Britain hopes to lay the foundations for opening negotiations with potential new entrants from the European Free Trade Association.

These include Austria, Finland, Sweden and Switzerland, which have already applied, and Norway, which is expected to seek entry later this year. But other EC nations are not prepared to move forward unless the doubts about European unity are settled.

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To our readers in Vienna: You can now receive the IHT mailed delivered to your home or office on the day of publication.

Havel Urges Unity Decision

Reuters

PRAGUE — President Vaclav Havel urged his country Thursday to make a quick decision on whether to break up the 74-year-old federation of Czechs and Slovaks, saying all citizens would suffer if political paralysis continued.

"Every single day of postponement only increases the unfortunate affects of uncertainty — moral, economic, international and legal," he told the first session of the parliament elected two weeks ago.

Deadlocked negotiations between the two major parties since the election have polarized the country and propelled it toward a seemingly inevitable split.

"The death agony of the common state, its gradual disintegration or a wild breakup would only turn against all our citizens," said Mr. Havel.

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ISRAEL: Fear of a 'Revolution'

(Continued from page 1)

years' under Likud. In this period, despite protests from the United States and Arab, Israeli governments built new towns and managed settlement in the territories.

"Now we return to an unfavorable climate," Mr. Hatzni said. "Physically, we are much stronger," he added. "We are spread all over the area — there are about 150 settlements."

"But psychologically, because of the 15 years, we are dormant. Maybe it takes the shock of these elections to wake us back to reality. It could be a blessing in disguise. Under Shamir, we would have slept until the autonomy document was signed."

"People here are tired," said Mr. Tzarfat. "There's not the same strength that there was. Where does our money go now? To the army, to security. How long can you live like this?"

"How long can you live in a place with terrorists and killings?" Ehud Sprinzak, a professor at Hebrew University and author of a book on the rise of the radical right in Israeli politics during the 1980s, predicted that the settler movement would be energized by the new environment under Mr. Rabin.

"They are going to organize and prepare for massive extraparlimentary activities and civil disobedience in order to stop the process

now," he said. He predicted that the settlers would turn to Likud, as an opposition party, and particularly to Ariel Sharon, the outgoing housing minister known for his hard-line views, for help in trying to frustrate any effort to curtail settlement expansion or grant autonomy to Palestinians.

Mr. Sprinzak noted that the settler movement is divided between two camps. The moderates, he said, believe that they have already made large strides toward settling the territories and will seek to get what they can from the Rabin government.

"Most of the settlers and the more ideological among them are still very shocked" by the election, he said. "There's a combination of frustration, bitterness and confusion. They don't really know what happened. This is not anything close to what they expected."

FISH: Same Old Troubled Waters

(Continued from page 1)

British officials said. No injuries were reported.

A party from the British ship Brecon boarded the French trawler Larche and took a statement from the captain, the British Ministry of Defense announced. The seaman then planned to board a British fishing vessel, St. Ury.

A Defense Ministry spokesman, speaking on condition of anonymity, said that the Royal Navy ship had asked permission to board and that it had been granted by the French captain. "The aim is to try to resolve this," the spokesman said.

The violent confrontations Wednesday reflect the pressure on fishermen from strict European fishing quotas imposed to conserve dwindling stocks.

The fishing grounds, including vessels from several countries, including Britain, France and Spain, and disputes often arise. But the boats normally manage to reach agreement without incident.

In Paris, the junior sea minister, Charles Josselin, said initial investigations indicated that the French fishermen were to blame.

"If the indications we now have are confirmed and the responsibility of the French trawlers is fully established, we wish to say that what took place was unacceptable and serious action will have to be taken against those involved," Mr. Josselin said.

Their licenses could be temporarily or permanently revoked, and they could face legal proceedings.

(AP, Reuters, AFP)

Arens Quits Politics After Likud Defeat

Reuters

JERUSALEM — The Israeli defense minister, Moshe Arens, long mentioned as Likud party heir to Prime Minister Yitzhak Shamir, said Thursday that he was quitting politics.


His departure opens the way for

a battle of succession in Likud, which was defeated by the Labor Party, led by Yitzhak Rabin, in elections Tuesday.

"With the entry of the new government I will leave political life," Mr. Arens said in an interview on state television.

Mr. Arens, 66, first served as defense minister in 1983 and 1984.

In 1990 Mr. Arens returned to the post, replacing Mr. Rabin, who had instituted a hard-line policy in trying to put down the Palestinian uprising in the occupied territories.



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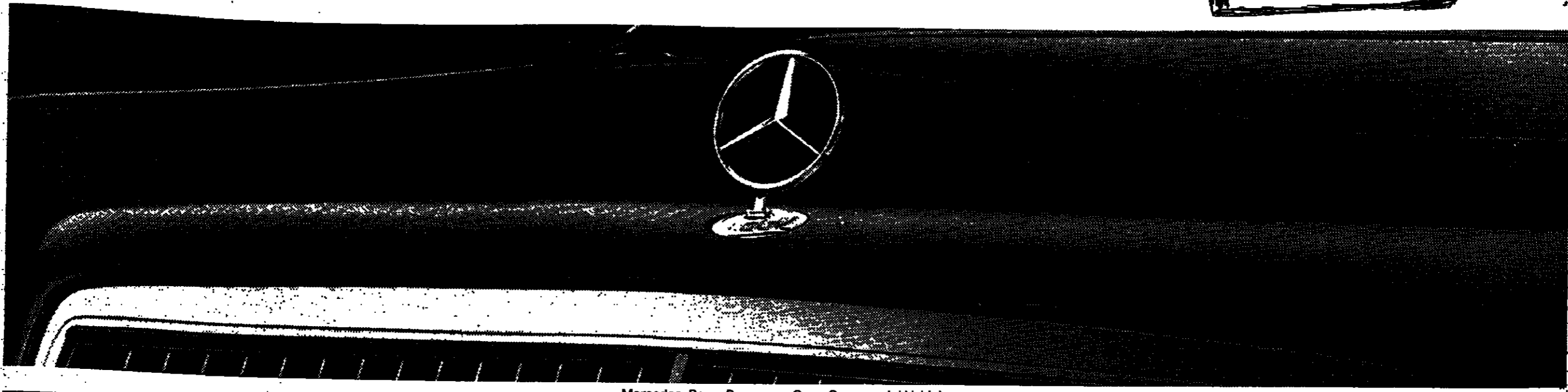
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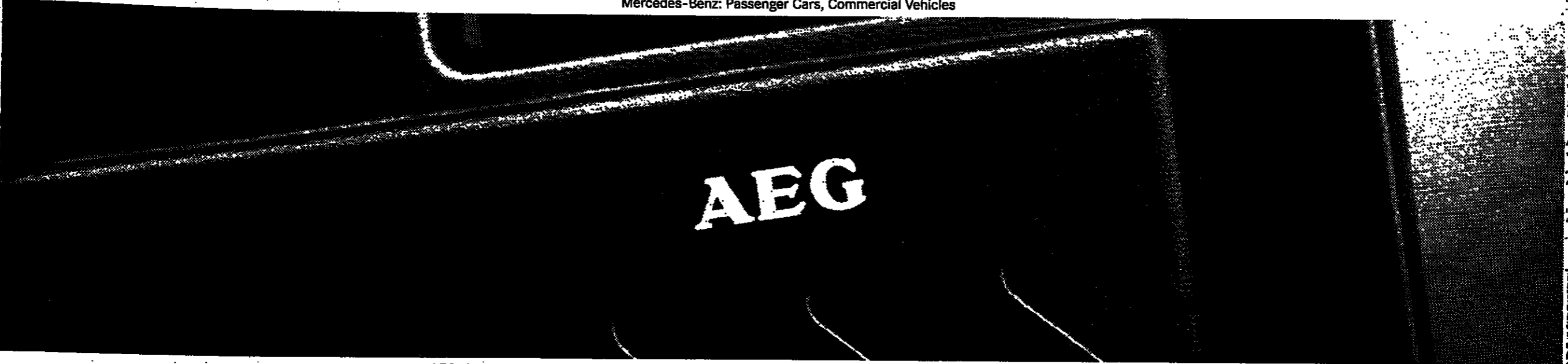
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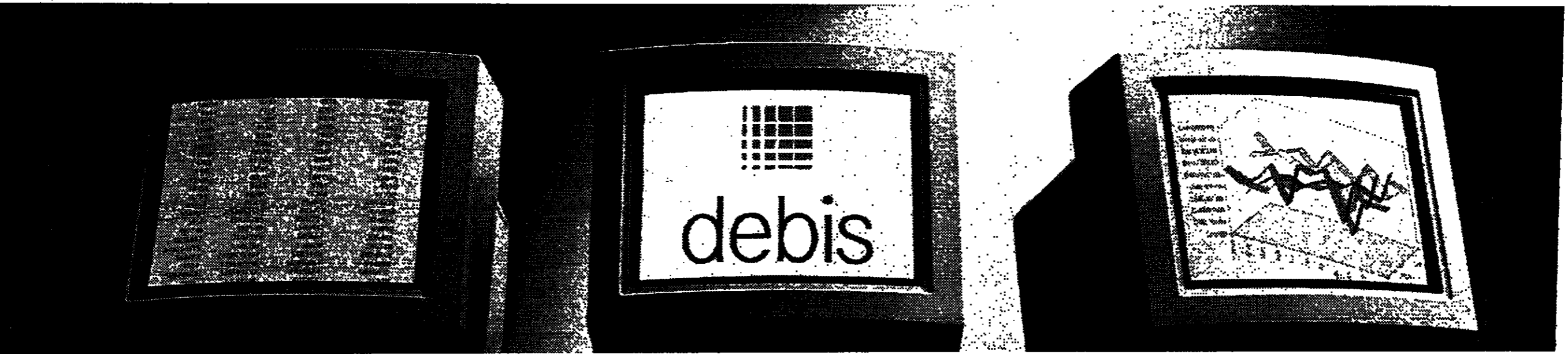
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Intelligent Synergies Payoff.

When we began to restructure our company a few years ago, some people doubted that our plans would succeed.

Not everyone realized the outstanding prospects and potential which the new structure would generate.

Time has shown, however, that we have taken the right step by becoming an integrated high-technology group. Our earning trends, and the greater cohesion within the Group that has resulted from growing collaborative efforts on

projects among our corporate units, bear this out. The natural result is synergy, whether in the comprehensive traffic concept for the Greater Berlin Metropolitan Area, or in MB CharterWay, a commercial-vehicle sales and distribution program jointly developed by Mercedes-Benz and debis. And with Intertraffic, a project company integrating traffic management systems, our four corporate units are developing new transportation networks. These examples clearly illustrate how the Daimler-Benz

Group is increasingly profiting from its intelligent internal relationships.

The key to these synergies and to our competitive strength lies in the skills, vast resources, and motivation of all the men and women in the Daimler-Benz Group. We appreciate their hard work and dedication.

We would also like to thank our shareholders and customers for their confidence in us.

We are pleased with the progress we made in 1991. Even so,

we know that we have a long road ahead of us. But a promising one as well.

Daimler-Benz Group (DM Amounts in Millions)		
	1991	1990
Sales	95,010	85,500
EC Market	63,350	55,550
Germany	44,443	36,674
Other Markets	31,660	29,950
Net Income	1,942	1,795
Cash Flow	7,790	6,711
Investments	9,535	6,857
Research and Development	8,401	8,193
Employees (at Year-End)	379,252	376,785
Germany	305,295	303,404
Foreign	73,957	73,381

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I H S U R E

What's Baggage Worth? \$20 a Kilo

By Barbara Rosen

PARIS — Ever sit waiting for a delayed flight while someone next to you rattles off what has to be handed out — drinks, meals, accommodation — after a certain number of hours? Ever been told an airline must let you change your reservation in the event of illness or death in the family? Well, they were wrong. When it comes to the consumer rights of international air travelers, very little is imperative, explains John Brindley, spokesman for the International Air Transport Association in Geneva. There are only three areas governed by international laws or regulations: death or injury to a passenger, damage or loss of baggage, and getting bumped because of overbooking.

"Apart from that, almost everything else is entirely at the discretion of the airline," says Claire Tallboys, committee secretary for the Air Transport Users Committee in London.

EXTRIMES. The Warsaw Convention of 1929 set a cap on airlines' liabilities in the event of death or injury to passengers on international flights. But today, that cap varies depending on a flight's origin and destination: Different countries have signed different protocols to the Warsaw Convention. And flights that include a U.S. leg are now covered by a separate 1967 agreement.

"Today's situation is so confusing," says Sven Brise, consultant to the International Chamber of Commerce Commission on Air Transport and to the European Community. "There is no longer any need to protect airlines," he said. "What remains is the in-

convenience and the surprise factor to the passenger, who hardly ever knows what it's all about until it's too late."

The current limits range from \$10,000 (under the Warsaw Convention) to about \$140,000. The latter is the current equivalent of 100,000 Special Drawing Rights, as agreed in protocols drawn up in Montreal in 1975. Although some countries, such as Britain, have adopted the Montreal specifications for their carriers or those serving their countries, the protocols still haven't been ratified by enough nations to go into effect. Eyes remain on the United States, where supporters hope ratification is coming. Meanwhile, efforts are under way in the EC Commission to raise and harmonize compensation levels, at least among European Community members.

"The system is grossly unfair to the passenger," says Brise. For example, he explains, unless willful misconduct by the airline can be proven, a passenger left a quadriplegic by a crash involving a U.S.-connected flight would be entitled to a maximum of \$75,000 — "peanuts." (The Montreal ceiling of 100,000 SDRs can't be broken by a misconduct finding, but the protocols allow signatories to adopt a supplemental plan. U.S. ratification, for instance, would specify that any U.S. citizen or traveler on a ticket bought in the United States would be eligible for unlimited damages.)

BAGS. The Montreal protocols also raise the amount airlines could have to pay for lost bags. But for now, checked bags that are lost on international flights are still, officially, worth what they were in 1929 — about

\$20 a kilogram (unless a higher amount is declared and paid for). Meanwhile, warns Brindley, there's no legislation governing when a bag is officially deemed lost. "Custom has it that it is usually three months," he says.

BUMPING. The only other broadly regulated area concerns compensation for the ticketed, confirmed passenger who is told his scheduled flight is overbooked and he can't get on. But there is no overriding set of rules. The European Community, for example, set a compensation scale for all flights leaving from member states' airports (it ranges from 75 Ecu to 300 Ecu, currently about \$97 to \$390, depending on the length of the passenger's delay and of his flight). The United States has regulations that apply to both domestic and foreign carriers.

ACTS OF GOD. Outside the Warsaw Convention, its relatives and the overbooking regulations, says Brindley, the only source of legal rights and protection is the conditions of carriage mentioned in the plane ticket, and which would fall under countries' contract laws.

If your international flight is delayed because of fog, an air-traffic controllers' strike or plane problems, the airline isn't necessarily obliged to give you anything, Brindley says. But being in a service business, many do try to help. When German airports and ground transport were affected by strikes this spring, Lufthansa offered refunds or reouting to all ticket-holders, regardless of fare category. "Lufthansa's first rule is service to our customers," says a spokesman, Peter Hoebel. "Even if we are not forced to re-route or refund, we normally do it."

PASSENGER EMERGENCIES. And if the problem is your problem?

Again, the solution is at the airline's discretion. Holders of unrestricted tickets who want to cancel or change reservations, or who simply don't show up, generally face little hassle. But for the less-expensive, more restricted fares, airlines' compassion levels vary. Some, like American Airlines, say a doctor's note would let you change your reservation without paying extra, regardless of fare category. Others, like Air France and Cathay Pacific, warn that in some fare classes you'll simply lose your ticket if you don't fly as scheduled.

Barbara Rosen is a free-lance journalist living in Paris.

The Shape of Car Rentals to Come

By Roger Collis
International Herald Tribune

YOU come off the plane and head for the car rental desks. Which one you choose may depend on impulse as much as logic. Which desk has the shortest line? Or a smiling desk clerk? Do you already have a reservation? Do you have a corporate deal with one firm? You may have a wallet full of VIP club cards, so which one do you feel like using? Which firm

The Frequent Traveler

offers points in your favorite frequent flier program (typically 500 miles per rental)? Are you tempted by giveaways, cash rebates, or gizmos like car phones and computerized driving instructions?

The fact is that car rental, unlike airlines and hotels, is unlikely to get a business traveler very excited. Price is important (if you can figure out how much it really costs from the confusing "come-on" ads). And everyone expects a clean, newish, reliable car these days. Car rental (which accounts for 10 percent of the corporate travel dollar) is seen by most business travelers as a boring necessity.

Big-name firms are counting on high-tech frills and enhanced services in an attempt to differentiate their products from the competition. "Customer care" is the latest buzzword in the fight for brand loyalty.

"In our industry there's a very low loyalty factor — people switch from one firm to another and to whatever line is shorter — especially in North America," says Fredy Dellis, chief executive officer of Europcar, based in Paris. "We ask ourselves, 'What's going to make us a winner?' Obviously quality, by adding value and the ability to operate at the lowest possible cost. Cost efficiency means the capability of our information systems — how you run the manufacturing process from the reservation to renting and building the customer data base. We see more and more marketing funds going towards direct marketing — reaching the 20 percent of customers that make up 80 percent of our business."

Two major structural changes in the industry have affected the car rental customer. Big-name firms can buy cars for 50 percent less than 10 years ago due to increased leverage in

a weak car market, giving the customer a newer car (the average holding period is five and a half months compared to a year in 1980); and the industry has become concentrated into half a dozen major firms. Hertz, Avis, Budget, Europcar, and Eurodollar have worldwide networks and control more than half the market in Europe.

What is the traveler looking for? "Clearly, a clean, reliable car and efficiency behind the counter," Dellis says. "You've got to have a network so that you can be where people want to rent the vehicle. They're not going to travel to you. Business people want convenience, speed of service. In the States this gets down to almost microseconds — the logic is great waves of customers coming off planes and moving them

from until they arrive at the destination."

Hertz has tried to combine personal service with high-tech in speeding the business traveler "from runway to road." This is the idea behind the Hertz #1 Club Gold program, which gives frequent travelers priority at airport counters. It was launched in the United States in 1989 and came to Europe last April. Members sign one master car rental agreement, which saves them from any further paperwork. And there's no standing in line. You're recognized and processed. Anybody can join the program for around \$50 a year. The service is available at 10 European airports and will be expanded to 53 by September, and 220 airports worldwide.

"Speed is imperative. But we feel the business renter still likes to have a relationship with a person, and not a machine," says Jeremy Snook, a director of Hertz in London. "You may arrive at a strange airport, and it's always nice to be able to ask a question."

Firms are counting on high-tech frills and enhanced services to differentiate their offers.

I AM often deterred from renting a car in a strange place because of fear of getting lost. Hertz went some way towards solving the problem a while back with computerized driving instructions. Now, according to a trade report, Avis has equipped 100 Olds Tornados in its Orlando fleet with Travtek, an in-car computer system. The system offers video maps, "real-time" driving directions, shows traffic conditions, and information on hotels, restaurants and local attractions.

"There's a pilot scheme in London, whereby the state of traffic on the M25 ring road and roads that run off it is actually transmitted on a screen map in the car," says John Hamby, marketing and sales director at Europcar. "You'll see this flashing light where there's a blockage and giving you speed and direction. You can blow up any quarter of the map and find an alternative route. It will tell you the flow of traffic north to south, south to north. Soon it will be across the whole of London."

"A way to solve traffic congestion and pollution in major cities might be to have fleets of electric cars which you could rent by inserting a pre-paid card. This would open the door, start the ignition and meter usage. You'd pay only when you're driving it. There would be dedicated car parks for picking up and dropping the vehicle off. The technology is available today."

DO'S AND DON'TS

Underweight Favors

Don't think the check-in person is doing you a favor if he offers to mark a lower weight for your bag to get it on without paying extra. If it gets lost, you'll be reimbursed less.

Extra Insurance

Do consider taking out special insurance if there are valuables in your luggage, or if you think you may not be able to fly as scheduled.

How Long Is Lost

Don't expect instant repayment on lost luggage. It usually takes three months until it is officially declared lost.

Read Your Ticket

Do read your ticket carefully, and ask the travel agent or issuer about any restrictions.

International Value of Luggage

Do remember, your luggage is officially only worth what it was in 1929 — about \$20 a kilogram.

AUSTRALIA

Sydney
Australian Museum (tel: 339.61.11). To Aug. 30: "Masks." This exhibition presents aboriginal tin masks as well as masks of other materials from the Pacific Islands, Indonesia, Sri Lanka and East Asia.

AUSTRIA

Vienna
"The Imperial Sound Experience: Vienna's Summer of Music." (tel: 40.00.84.10). June 14 to Sept. 30: A program of concert, jazz and opera performances, all held in imperial venues. It includes Mozart's "Don Giovanni," which will be held at the Roman ruins in the park of the Schonbrunn Palace.

BRITAIN

London
Accademia Italiana (tel: 225.34.74). Prolonged to Aug. 2: "Rediscovering Pompeii." Two 3rd-century dionysian masks excavated from the ruins of Pompeii which offer insight into daily life of the 1st century A.D.
Barbican Art Gallery (tel: 638.41.41). To July 19: "The Great British City: Treasure from the Collections of the Corporation of London." Eight hundred years of London's history is revealed through various art forms as well as paraphernalia.
Barbican Centre (tel: 638.41.41). To July 22: "From the Far East." Works of four prominent South Korean painters reveal how modern art in Korea has moved from figurative to abstraction.
National Maritime Museum at Greenwich (tel: 855.44.22). To Aug. 31: "Pirates: Fact and Fiction." A challenge to the myths about piracy, from Sir Francis Drake to the attacks on the Vietnamese boat people.
Queen Elizabeth Hall (tel: 928.88.00). July 1 and 2: Robert Saxon's first opera "Caritas."

CANADA

Montreal
Canadian Centre for Architecture (tel: 939.70.00). To Aug. 2: "Czech Cubism: Architecture and Design, 1910-25." Explores Czech architects' synthesis of Cubism and architecture.
Toronto
Museum for Textiles (tel: 598.55.15). To Oct. 18: "Textiles by Junji Arai." A master contemporary textile designer uses computers to design many of his works.

DENMARK

Helsingørsk
Louisiana Museum of Modern Art (tel: 42.19.07.19). To Aug. 23: "Spain at Louisiana." — Photography and Design 1970-1992. The museum focuses on Spanish photography and design from just before the death of Franco until today.

FRANCE

Dijon
Musée des Beaux-Arts (tel: 80.74.52.70). To Aug. 10: "Portraits Sculptés du XVème au XVIIIème siècles." A study of the evolution of busts.
Hazebroeck
Musée Hazebroeck (tel: 28.41.88.00). To Dec. 31, 1994: "Diptychs 1." A large collection of 17th-century Dutch paintings by the likes of Bosch, Rubens, Brueghel and others will be on display until the renovation of the Musée de Lille is completed.
London
Musée des Beaux-Arts (tel: 40.41.65.65). To July 27: "Burns: Jones 1833-1898." Drawings from the collection of the Fitzwilliam Museum in Cambridge, England.
Paris
Centre Georges Pompidou (tel: 42.77.12.33). To Nov. 8: "Manifeste." A huge show dedicated to the art of the past 50 years.



African mask from Benin currently in Geneva, and a gastronomy poster at the Galerie de la Seita in Paris.



UNITED STATES

Atlanta
Museum of Art (tel: 577.69.40). To Aug. 23: "From Expressionism to Resistance." Art in Germany 1909-36. Nearly 200 works by German Expressionists and New Objectivity artists.
New York
The Jewish Museum (tel: 339.33.99). To July 15: "Bridges and Boundaries: African-Americans and American Jews." Includes photographs, documents, media material and various other forms of artwork.
Metropolitan Museum of Art (tel: 535.77.10). To July 12: "The Residence of Jade and the Quarry of Water: Korean ceramics from the Ataka collection." Glazed ceramics and celadons shown for the first time outside of Japan.
Museum of Modern Art (tel: 708.97.50). To Aug. 18: "Louis I. Kahn: In the Realm of Architecture." Shows the range of the architect's work and illuminates the philosophical underpinnings of his work.
Museum of Television and Radio (tel: 621.67.15). To Oct. 4: "Jim Henson's World of Television." Most comprehensive screening series and gallery exhibit ever of the work of the creator of the Muppets and Sesame Street puppets.
Providence
Museum of Art, Rhode Island School of Design (tel: 331.35.11). To Aug. 29: "The Gotham Collection: Selections from the Gift of Texton Inc." A collection of silver ranging from Rococo Revival to Art Deco.
San Diego
The San Diego Museum of Art (tel: 232.79.31). To Oct 11: "The Great Age of Sail." Includes paintings, ship models, navigational instruments, globes and charts from the National Maritime Museum in Greenwich, England.
Washington
Hirshhorn Museum and Sculpture Garden (tel: 357.27.00). "Directions — Thomas Struth: Museum Photographs." Photographs revealing the varied behavior of individuals and crowds in Europe's spacious art museums.
National Gallery of Art (tel: 842.66.90). To Aug. 16: "Kathe Kowitz." One hundred prints, drawings and sculptures by the German Expressionist (1867-1945). Also to Sept. 7: "Dorak to Diebenkorn." Recent acquisitions of prints and drawings.
National Portrait Gallery (tel: 357.27.00). To Aug. 16: "Poster

Portraits." The 26 poster images range from "reward" posters to Broadway show posters.

Smithsonian Institution (tel: 357.27.00). To Sept. 7: "Peoples of the Luzon Mountains: Philippine Photographs by Eduardo Mesterre." Fifty-five black-and-white photographs taken between 1934 and 1956 of the people who populate the largest Philippine island.

Hôtel de Ville (tel: 42.766.40.66). To July 12: Exhibitions of three prominent Paris-based contemporary artists: Wang Keqing, Frederic Bueat and Peter Briggs.

JAPAN
Tokyo
Hara Museum (tel: 34.45.06.51). To July 26: "Ushio Shinohara." A retrospective of the works of Ushio Shinohara, a major force in Neo-Dada activities of the 1960s, a founder of the radical anti-art movement, and currently recognized as Japan's foremost Pop artist.
Sezon Museum of Art (tel: 59.92.01.55). To July 13: "Ando Tadao: Beyond Horizons in Architecture." Featuring 250 items including 30 scale models, and 150 sketches and drawings, this exhibition focuses on the career of one of Japan's most important architects.

RUSSIA
Moscow
Kolomenskoye Museum (tel: 115.23.89). To Aug. 18: "Three Generations of American Impressionists." Includes the works of Henry C. White (1861-1952), Nelson C. White (1900-1989) and Nelson H. White (1932).

"Red Square Invites" (tel: 203.94.31). July 4 to 11. Largest international open-air cultural festival ever in Russia featuring Jose Carreras and a host of international opera, ballet, and music stars.

SPAIN
Madrid
Museo Arqueológico Nacional (tel: 535.01.29). To July 30: "Azteca-Mexica: Culturas from Ancient Mexico." The last of a series on the pre-Columbian cultures of America. It includes 127 pieces of extraordinary historical, aesthetic and cultural value borrowed from the most important museums in Europe and Mexico.

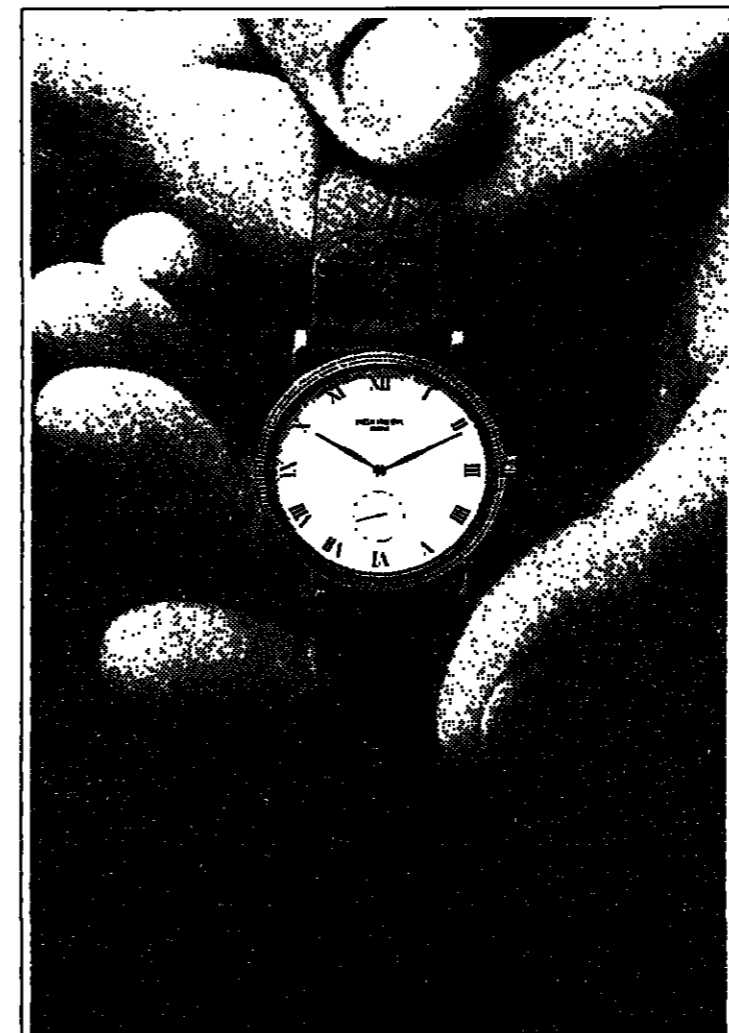
SWITZERLAND
Basel
Kunstmuseum (tel: 271.08.28). To Sept. 27: "Transform: Picture-Object-Sculpture in the 20th Century." Joint exhibition with the Basel Kunsthalle showing the evolution of art in the 20th century.
Geneva
Musée Barbier-Mueller (tel: 312.02.70). To Oct. 18: "Art from Benin." Bronze sculptures dating back to the 15th century.
Lausanne
Musée de l'Elysée (tel: 617.48.21). To Aug. 30: "Voysage to Egypt, The Photographers of the 19th Century." Views of Egypt by foreign and native photographers in the 19th century.
Zurich
Kunsthau (tel: 251.67.55). To Aug. 16: "Brazil in Image." Paintings illustrating cultural and artistic diversity from the 16th century to the present time.

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ADVERTISING SECTION

Luxury Real Estate

Right Now, There's No Place Like Home

For much of the 1980s, when the prime residential real-estate market was booming in New York, London, Tokyo and other commercial centers, a house was not a home. It was a property, an investment, a way to make 15 percent to 20 percent a year through rising prices.

Attitudes are changing in the 1990s as the market bottoms out — if it is indeed bottoming out — with price reductions of 20 percent or more since the 1989-90 peaks in major cities around the world. In London, prime residential prices are down 24 percent

time buyers to plan on living in a new home for quite a few years to come. These are not happy changes for most sellers, of course. Many can't sell the homes they live in — either because they refuse to offer a property at less than they had hoped to get for it or because they put it on the market and there are no buyers.

Justin Marking, a senior negotiator in London for the international real-estate agent Hamptons, says that near or above \$1 million purchase prices, "People now want to look at 30 or 40 properties before they buy, instead of just five or 10."

He says that "properly priced" property has the best chance of selling. Too many owners and agencies are listing property at the price they had hoped for before the market began tumbling; they reckon on asking for the moon and then trimming the price down gradually if they must. But those properties are the ones that no one, particularly the newcomers to the market, even want to look at.

A house is once again a home

for apartments and 17 percent for houses since 1989. In Japan, urban residential prices fell 12 percent last winter and dipped as much as 40 percent in some sectors such as new condominiums in Osaka, according to the Japan Real Estate Institute.

"People are reluctant to sell unless they absolutely have to," says Yolande Barnes, head of residential research at Savills, the international estate agents. "After all, it's only when you sell that a loss on paper is realized, so there's a natural inclination not to realize the loss."

Many of the newer, younger entrants to the market are more likely to make smaller down payments and seek traditional mortgages, as opposed to the historical profile of luxury buyers who put 40 percent to 60 percent down in cash and were more likely to rely on private loans rather than mortgages backed by the property itself.

Another change in the top of the residential market is that rentals are becoming more important. Some people who are forced to move are renting their homes rather than selling them at a loss. Some who want to buy eventually are renting while waiting for the market prospects to improve. And some, particularly foreigners in cities such as London, are snapping up bargains as investments specifically for the purpose of renting them out to corporate expatriates.



which contributed so heavily to the luxury property boom in the 1980s, particularly in Europe. Nowadays, as the weak dollar leads many U.S. manufacturers to emphasize exports, more industrial companies are sending managers abroad to



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In London Market: Patience, Patience

Could the luxury end of the British market finally be stirring again?

to the start of the Gulf War last year, although the full consequences will take many months to unravel.

classics, also in Regents Park.

Alas, the answer is that in the aftermath of the short-lived euphoria of the Conservative election victory, whatever green shoots may have been seen have now withered. The current scene is erratic, but with far more downs than ups.

As they fall, the number of people in Britain whose mortgages are larger than the value of their homes has passed the 1 million mark.

New on the market are two properties offered by Lassmans. A private house at 115 Eaton Square, just across from the house sold last year to Andrew Lloyd Webber, is up for sale at £5.65 million.

Whatever overall confidence may have been left was sapped by the spectacular collapse of Olympia & York's Canary Wharf scheme at the end of May, the immediate impact of which could be compared

Not surprisingly, the rate of repossession by lenders has yet to show signs of slowing down. Last year's figure of 80,000 is now widely expected to be repeated in 1992. Had it not been for lenders' recent policy of avoiding repossession wherever possible (they already have some 60,000 apartments and houses they cannot sell), analysts say the figure might have been 120,000.

The property at 25 St. James's Place is being touted as the most expensive one-bedroom flat ever to come on the market, at £3.27 million.

Some of these properties — including upmarket examples — appear occasionally at auctions, rubbing shoulders with starter homes and ex-council

Not far away, houses at Kensington Green have also been on sale for a year at prices ranging from £25,000 to £1.15 million. Of the 20 so far released by developers Taylor Woodrow and Mitsui Kenetsu, only five have been sold.

Trends aside, historic one-offs can still cause a flutter in the current doldrums. A City financier has just decided to spend £25 million to convert Crosby Hall in Cheyne Walk into a family home. At the end of May, it was revealed that Ancaster House in Mayfair, a stunning French Renaissance-style freehold boasting a double-height ballroom and matching 17th-century fireplaces, which has stood empty since its full renovation in 1986, has been sold for £20 million.

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. ● Mira Bar-Hillel is property correspondent of the London Evening Standard. ● Claudia Filisi is a business writer based in Milan and Monte Carlo. ● Timothy Harper, a London-based American journalist and lawyer, is the author of "Cracking the New European Markets," John Wiley & Sons, New York. ● Michael Rowe is a Paris-based financial and business writer. ● Steve Weinstein is a free-lance writer based in New York.

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ADVERTISING SECTION

The Med Still Draw

For buyers of luxury most desirable location has seldom offered investment of richly surprisingly affordable

The construction of two to three years ago aren't available in Italy. John Barnes, director of International Realty for the Italian market, says: "The luxury market in Europe is booming. We no longer see management as a luxury." According to Christine Corbelli, director of real estate at the firm of Knight Frank & Rutley, "The market has reversed since last year. There is a

Italians buying in South of France

It is not only the French who are attracted to the South of France. A number of expatriates, says Terry Burke, partner of Hugo Williams, London-based real estate agent, "The British are buying in the South of France. Now we see the English buying in the South of France. The market is being driven by the sale of property by expatriates in the South of France at an annual rate of

High-End F

to the start of the Gulf War last year, although the full consequences will take many months to unravel. In the meantime, house prices continue downward, albeit more slowly and patchily. As they fall, the number of people in Britain whose mortgages are larger than the value of their homes has passed the 1 million mark. Not surprisingly, the rate of repossession by lenders has yet to show signs of slowing down. Last year's figure of 80,000 is now widely expected to be repeated in 1992. Had it not been for lenders' recent policy of avoiding repossession wherever possible (they already have some 60,000 apartments and houses they cannot sell), analysts say the figure might have been 120,000. Some of these properties — including upmarket examples — appear occasionally at auctions, rubbing shoulders with starter homes and ex-council classics, also in Regents Park. New on the market are two properties offered by Lassmans. A private house at 115 Eaton Square, just across from the house sold last year to Andrew Lloyd Webber, is up for sale at £5.65 million. The property at 25 St. James's Place is being touted as the most expensive one-bedroom flat ever to come on the market, at £3.27 million. Trends aside, historic one-offs can still cause a flutter in the current doldrums. A City financier has just decided to spend £25 million to convert Crosby Hall in Cheyne Walk into a family home. At the end of May, it was revealed that Ancaster House in Mayfair, a stunning French Renaissance-style freehold boasting a double-height ballroom and matching 17th-century fireplaces, which has stood empty since its full renovation in 1986, has been sold for £20 million. Mira Bar-Hillel

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ADVERTISING SECTION

ADVERTISING SECTION

The Mediterranean Still Draws Buyers

For buyers of luxury real estate in the most desirable locations, the market has seldom offered such an embarrassment of riches — sometimes at surprisingly affordable prices.

"The expectations of two or three years ago aren't achievable today," says John Prince, director of international realty for Sotheby's of London, of the current luxury market in Europe's sunbelt. "We no longer find outrageous, silly price tags."

According to Christopher Cornell, head of residential property at Knight, Frank & Rutley, "The market has worsened since last year. There is a

Italians buying in South of France

lot of money about, but the people who have it are not inclined to spend foolishly."

A more optimistic view is expressed by Terry Bourke, partner of Hugo Skillington Immobilier. "Before the [British] elections this spring, nothing was happening," he says. "Now we see the English beginning to come back into the market, at least those who are among the world's richest people."

In the South of France, today's market is being driven by Italians, buoyed by their high rate of personal savings and a strong lira. At Imperial Bay at

Theoule and California Bay at Cannes, two new apartment complexes with ocean views and private pools, 50 percent of the buyers to date have been Italians.

In the undulating hills of Tuscany and Umbria, demand is about equally divided among Americans, Asians and Europeans. Verity Foster of the Italian Property Portfolio reports no noticeable decline in her market area: "People who know Tuscany know it is where they want to be."

In Chianti country, people are looking for "privacy and exclusivity," she says, usually consisting of a minimum 10 hectares (25 acres) of land plus homes that have been restored to international standards. An example is Poggio al Pozzo, a 15-hectare estate with almost 600 square meters of living space. The asking price is about \$2 million.

If history is as important as privacy, a chateau in France is an often surprisingly affordable option. Explains Bernard Lucas, president of Belles Demeures de France, "Chateaux don't cost that much because they are a very special market. More



often than not, the wife doesn't want to live in the country, even for a second or third home, as these invariably are. It usually appeals more to a man who has a strong appreciation of art, architecture, history and culture."

He currently offers a renovated and furnished 16th-century estate in Aliers, boasting 18 bedrooms, pool and tennis courts, a drawbridge and an Italian-style garden. The cost is 16 million francs (\$2.95 million).

A compromise between the chic coast and an inland estate might be found in the Chateau de Clavary, a 24-million-franc property in Grasse most recently owned by a former chairman of Sotheby's. Among its six residential buildings and four swimming pools, it has Picasso mosaics, a Jean Cocteau sculpture and other mementos of visits from illustrious

names of the French art world.

If the sporting life is more to one's tastes, golf developments have begun to spring up in Southern Europe. Spain has had such properties for some time, but now France and Italy are creating golf complexes to meet the demand. The newest in Provence, Chateau de Taulane Golf and Country Club, opens its doors this month with an 18-hole course designed by Gary Player. Next year, golfers will have the opportunity to purchase private chalets and apartments along the greens.

In spite of the recession, many people are looking at properties like these. Knight Frank & Rutley's Mr. Cornell explains why: "Really good properties in really good areas do and will continue to hold their value over time." **Claudia Flisi**

The Discreet Charm of the Left Bank

From the lanes and gables of the Latin Quarter to the boulevards and Second Empire residences of the seventh *arrondissement*, the Left Bank has long offered a variety of choice to discriminating home buyers and investors.

With the French capital's currently depressed property markets still deep in the doldrums and prices on some top-of-the-range dwellings down by as much as 40 percent from those of a couple of years ago, the chance of clinching a bargain can now be added to the temptations of residential charm.

Says Sylviane Lemarié, director of the Agence Littré, "Right now we have four apartments for sale on the rue Guynemer directly bordering the Luxembourg Gardens

Small town houses in picturesque settings

in the sixth *arrondissement*. Two years ago, such properties would have sold in a fortnight at prices of up to 135,000 francs [\$25,000] per square meter. Today, market rates for luxury apartments in this quarter are generally between 60,000 francs and 80,000 francs per square meter, though higher prices can be obtained for really exceptional properties."

For those willing to look beyond the confines of what Parisians call a "good address," interesting finds may lie slightly further afield: for example, a 1930s house in the 14th *arrondissement* with period fittings, a secluded terrace and views across an area of lawns near a canal and the Parc Montsouris. Says François Dubois of the Feu Rive Gauche agency, "This property offers some 400 square meters of living space, with each bedroom equipped like an individual apartment."

Ambitious city redevelopment plans are starting to reshape the traditionally industrial eastern side of Paris. These plans include much of the 13th *arrondissement*, a formerly working-class quarter on the Left Bank that contains the local Chinatown. Here, shiny new offices are scheduled to rise around the Austerlitz railway station, and the massive and much-discussed towers of the new French national library should soon be shooting skyward. Modern residential villages are planned for the bank of the Seine.

"Everyone is talking about these redevelopment plans, and the fact that they are in the offing has meant that property prices have held up better in this district than they would have done otherwise in the current recession," explains Paule Monnini of the Espace Arago agency. "This is not a quarter where you will find many top-of-the-range apartment buildings, but there are several tucked-away corners where you can still come across small town houses in picturesque surroundings." Characteristic of these is the area around the rue de la

Butte aux Cailles, not far from the Place d'Italie. Roses bloom on the sandstone walls of 1930s houses with small front and back gardens, several of them currently for sale at prices ranging from around 3 million to 8 million francs.

For those who prefer modern convenience to venerable architecture, the 15th *arrondissement* — a solid residential area in the city's southwest — is not a bad spot to look around in just now. "Residential developers built extensively here before the boom came to an end, and there are now a lot of brand-new accommodations looking for takers," says Mr. Dubois. Squeezed on one side by the banks who lent them money and on the other by the high prices they paid for the land, such builders are now offering prospective buyers all kinds of fringe benefits.

Luxurious fitted kitchens at no extra cost, free garage spaces and concessionary loan terms are among the current incentives. Developers seem ready to do anything rather than openly drop their asking prices, but nothing prevents a buyer from haggling over the price as well as taking the inducements. Also in the 15th *arrondissement*, the area around the Montparnasse Tower is being redeveloped for commercial and office use, and nearby apartment blocks are beginning to benefit.

"When it comes to really prestigious apartments, we are normally looking at living accommodation of something like 250 to 300 square meters or more, plus an exceptionally privileged situation and outlook," says Thierry Denon, director of the John Taylor agency. Such premises may open directly onto a private garden tended with formal French exactness.

Elegant noblemen's town houses — known in French as *hôtels particuliers* and often dating from the 17th or 18th centuries — conform to even higher standards. One such property currently on the market offers 1,000 square meters of living space for an asking price of 100 million francs. "Such properties are extremely rare, and the demand for them comes almost entirely from abroad," comments Alain Cognet of the Groupe Arc agency. **Michael Rowe**

High-End Pieds-à-Terre Are Major Draw in New York

Recent prices in Manhattan have risen rapidly for high-end apartments, but that has not deterred overseas buyers, who continue to flock to New York. Pieds-à-terre, especially for buyers from Italy and Latin America, now constitute a major part of the luxury real estate market.

At Trump Palace (200 East 69th Street), half of the buyers are foreigners, according to Louise Sunshine, whose Sunshine Group markets most of the new high-end construction in Manhattan.

The foreign buyers are the rising tide that has lifted all boats (or at least the luxury yachts). According to broker Clark Halstead, in April it cost an average of \$6,000 more per room to buy an apartment in Manhattan south of 96th Street than it did in Janu-

ary. In the "Silk Stocking" district that extends along the East Side, the most popular area for pieds-à-terre among foreign buyers, prices have risen an average of \$10,000 per room. Heller Equities estimates that prices in so-called "Gold Coast" areas — the East Side plus Central Park West and South — increased over 11 percent during the same period.

"The foreign buyers never really went away," Mr. Halstead says, "but it shifts as to group." After a 10-year hiatus, Latin Americans, especially from Brazil and Mexico, have re-entered the market in a big way, as have buyers from Italy and, to a lesser extent, Hong Kong, France, Germany and Taiwan. The Japanese, on the other hand, are unloading

their properties, often at a loss.

One sign of the strength of the local market is the absence of what Ms. Sunshine calls "bottom-fishers" — buyers looking for bargains that they can resell at a profit when market prices swing higher. Instead, they are looking for a home.

What this translates into are bigger apartments. "Today, unlike five or six years ago, when the pied-à-terre market was for very small homes, the very rich are buying large homes and then spending as much as \$500,000 to \$1 million to decorate them," notes Jack Heller, a developer whose units at 1049 Fifth Ave. are the most expensive new properties on the market.

Italians are particularly active. The favorable ex-

change rate for the lira means that a New York apartment can be had for one-third less than a comparable one in Milan, according to Jean Luban, a broker at Ambrose-Mar Elia.

Marilyn Corradini, vice president for international sales at Stribling & Assoc., another brokerage firm, has been using her fluent Italian more frequently than ever. Wealthy Italians, increasingly worried about the local economy, are parking their money overseas and see New York real estate as a solid investment.

Foreign buyers have been particularly active in the condominium market in New York. In fact, foreign buyers account for the popularity of condominiums over cooperative apartment buildings,

which until recently dominated apartment purchases in the city. A purchase in a cooperative building requires approval by the board, which can refuse an applicant for any number of reasons; also, a co-op is more difficult to sublet.

But the main advantage condos have over co-ops is ownership. A co-op buyer only owns shares in the building, whereas a condo owner has total control over his own space and only pays a maintenance fee for the common areas. **Steve Weinstein**

In London Market: Patience, Patience

Continued from Page 12
oversee expanding production, distribution and sales networks. "Industrial-sector purchasers have become increasingly important," notes a recent report from a leading London real-estate agency.

Mr. Marking and other real-estate people on both sides of the Atlantic say that the mainstream housing market is beginning to show signs of recovery, and they anticipate that prices will begin to rise again for prime property by the end of the year.

No one in the business, at least openly, longs for a

return to the heady days of the late 1980s, when Mr. Marking says that luxury homes were turning over rapidly, "even at prices so high they were stupid." Instead, the markets are

looking for a gradual return to price increases in line with inflation figures and retail price indexes.

"The last three years have been a very necessary adjustment," Mr. Marking

says. "People are again starting to look at their homes primarily as a place to live and only secondarily as an investment. The market will be more realistic." **Timothy Harper**

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NASDAQ

Thursday's Prices
NASDAQ price as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	52 Week High	Low	1/4 P.A. Chg
120	110	AA				120	110	+
110	100	ABB				110	100	+
100	90	ABC				100	90	+
90	80	DEF				90	80	+
80	70	GHI				80	70	+
70	60	JKL				70	60	+
60	50	MNO				60	50	+
50	40	PQR				50	40	+
40	30	STU				40	30	+
30	20	VWX				30	20	+
20	10	YZA				20	10	+

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20	10	BCD				20	10	+
10	0	EFG				10	0	+

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30	20	YZA				30	20	+
20	10	BCD				20	10	+
10	0	EFG				10	0	+

AMEX

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	52 Week High	Low	1/4 P.A. Chg
100	90	DEF				100	90	+
90	80	GHI				90	80	+
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12 Month High	Low
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Herald Tribune



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BUSINESS/FINANCE

FRIDAY, JUNE 26, 1992

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WALL STREET WATCH

PPG Weathers the Storm Caused by U.S. Recession

By Jonathan P. Hicks New York Times Service

NEW YORK — By last year, it seemed that the recession had finally caught up with PPG Industries Inc., which makes Pittsburgh Paints and Lucite as well as glass, specialty chemicals and coatings for the auto and construction industries.

After gliding through the tough terrain of business conditions in 1990 with record earnings, PPG saw its profits sag. By the fourth quarter of last year, the company's earnings had plunged 42 percent from their year-earlier level and earnings for the entire year had dropped to their lowest level since 1983.

But PPG's fortunes seem to have shifted, several industry analysts say, contending that the company has already absorbed the biggest blow from the recession, in the last three months of 1991.

It's incredible that their earnings were affected as little as they were.

In part, the improvement is the result of greater efficiency and the closing of high-cost operations, notably in glass-making.

But the greatest benefit has come from the slow but steady improvement in the economy, which has increased the demand for automobiles, houses and office buildings that use the company's glass for windows.

"They have passed the bottom in most of their businesses," said Donald A. Partison, an analyst with C.J. Lawrence. "On a year-to-year basis, all of their quarters from here on out will be up."

Indeed, the company, based in Pittsburgh, has already seen an increase in demand for glass and paint for new cars in North America so far this year. For the first quarter, the company reported net income of \$78.8 million, down from \$96.7 million a year earlier. But adjusted for nonoperating items, the company posted a 32 percent rise in earnings, better than many analysts had expected.

"As a cyclical company, there is no escape from a recession," said Harvey Stober, an analyst with Dean Witter Reynolds. "But if you look at what PPG makes and who buys it, it's incredible that their earnings were affected as little as they were."

IN EUROPE, however, where PPG derives a quarter of its sales, the effects of lackluster economic growth are being felt. "In Europe, demand is still weak," said Douglas B. Atkinson, the company's director of investor relations. "It's not a disaster, but it's flat at best. We see things as probably bottoming out in Europe right now. That's going to be a 1993 recovery story."

The company's stock, which closed at \$65.375, up 50 cents Thursday, has recovered from its 52-week low of \$50, reached at the end of the year.

Although PPG reported earnings of \$276 million for last year, Mr. Stober said the company's earnings excluding extraordinary charges were \$485 million, or \$2.61 a share. "Compare that with some of the auto companies that were bleeding red ink," he said.

He added, "If you look at their track record, they have provided, on average, total return to shareholders well in excess of 20 percent per year for the last 10 years."

Nearly 40 percent of PPG's sales are from its coatings and resins businesses, which make paints for vehicles, industrial finishes and consumer paints. A further 38 percent comes from glass for the construction industry and for cars, and 20 percent of its sales are from commodity and specialty chemicals.

Another important factor in the company's prospects has been the stabilizing of prices for flat glass, the product that eventually becomes windows in buildings and cars and trucks.

Mr. Partison forecasts that PPG's earnings will climb to \$3.30 a share this year, from \$1.90 a share last year, while Mr. Stober predicts a rise to \$3.70 a share.

While PPG is seeing improvement in many businesses, it is nonetheless wrestling with several problems. For one thing, its chemical business is expected to have slightly lower earnings this year because of higher natural gas prices.

Midland Approves HSBC Bid

64% of Shares Tendered So Far

By Erik Ipsen International Herald Tribune

LONDON — Midland Bank shareholders gave final approval Thursday to the takeover of their bank by HSBC Holdings, parent of Hongkong & Shanghai Bank.

The £19 billion (\$7.48 billion) offer for Midland, which officially closed Thursday, had garnered nearly 64 percent of the shares by the afternoon and the counting was still continuing. The combined bank, which will be headquartered in Britain, will be by far the nation's largest with assets of £145 billion.

However, analysts expect little immediate impact on the British banking market. In fact, Midland, whose pretax results over the last five years add up to a loss of £26 million, is widely seen as at least having turned the corner with new management and relatively good growth prospects.

In contrast to widespread expectations that a combination of Midland and Lloyds Bank, which dropped its rival bid June 5, would have forced other banks into a frenzy of cost-slashing, analysts say HSBC's win as merely preserving the status quo.

While Midland will gain access to more capital via its new parent, loan demand remains so depressed that capital is not seen as a constraint for any of the British banks. "It won't upset the apple cart as a combination with Lloyds would have," said Graham Jinks, an analyst with Barclays de Zoete Wedd.

The success of HSBC's bid came on yet another bleak day for British banks. TSB Group PLC, Britain's sixth-largest bank and traditionally the first to report earnings, announced a pretax profit of £92 million for the first half of the financial year ending Sept. 30.

Although that was a vast improvement on the year earlier, when bad debts forced the bank into a £150 million loss, analysts noted that profit before bad debts had actually declined slightly. And provisions against bad debts rose steeply in TSB's core personal-banking business.

BP's Chairman Steps Down

Compiled by Our Staff From Dispatches

LONDON — In a surprise announcement, British Petroleum Co. said Thursday that Robert Horton had resigned as chairman and chief executive of the oil giant. BP said Lord Ashburton would replace Mr. Horton as chairman, and that the previous chief operating officer, David Simon, would become group chief executive and remain as deputy chairman.

On the New York Stock Exchange, BP shares plunged \$5.125 to \$49.25, amid speculation that the dividend would be cut. The stock had been trading as high as \$56 before the announcement of Mr. Horton's resignation was released. In London, where the market closed before the news was released, BP shares rose 6 pence, to 238 pence.

Mr. Horton said in a statement: "I have reluctantly concluded it is in the best interests of BP that I should leave the company. I do so in the knowledge that BP has a fine team to see it through a difficult period, which has combined low product prices with a depressed chemical industry performance."

Lord Ashburton said the board did not expect any significant changes in BP's strategy to result from these decisions.

But British analysts attributed the resignation to a

split on the board of directors over the company's strategy, and its dividend.

According to an analyst at Henderson Crosthwaite, Peter Spring, Mr. Horton's deputy, indicated that the oil giant had decided to cut its dividend. "It was always assumed that if the dividend was cut, Horton's head would be pushed down with it," said Mr. Spring. BP will release its second-quarter dividend and earnings on July 30, and Mr. Spring previously expected the company to leave its dividend unchanged at 4.8 pence per share.

Mr. Horton has been viewed as unpopular within the company, partly because of his moves to slash the company's work force. Mr. Spring said, BP reportedly will cut more than 100 jobs from its 1,200-strong work force at its headquarters, after announcing earlier this week that it would cut between 600 and 700 jobs in the United States.

Mr. Horton has fought inside BP not to cut the company's dividend despite a simultaneous drop in earnings and the need to keep exploration and production spending high to replace dwindling reserves.

Another view is that Mr. Horton's departure is related to a clash of personalities on the board, rather

See RESIGN, Page 16

U.S. Data Raise Fears of Stall In Economy

By Lawrence Malkin International Herald Tribune

NEW YORK — Further evidence of growing slack in the economy was reported by the U.S. government on Thursday, overshadowing news that growth in the first three months of the year was more robust than originally believed, although unlikely to be sustained.

The government's revision of the growth in first-quarter gross domestic product to 2.7 percent from 2.4 percent was overshadowed by weakness in the housing market in

May and a rise of 16,000 in the number of people filing for unemployment benefits, to 422,000 during the week ended June 13.

Although there were no forecasts of an economic flame-out along the lines of last summer's post-recession dip, Edward Yardeni of C.J. Lawrence Inc. raised the odds to 1 in 5 in favor of a "triple dip" later this year. And Robert Eggert, who compiles a consensus economic forecast in his Blue Chip Indicators, shaved his growth forecast for the year slightly, to 2.0 percent from 2.3 percent, on the basis of the latest statistics.

Brian Jones, an economist at Salomon Brothers Inc., said, "There is a risk of the economy in general stalling. I'm still confident about growth, but we're not building momentum in any direction."

The weekly report on jobless claims, which showed a rise after falling for a month, is watched closely as an harbinger of the monthly employment statistics. Those figures in turn are the key indicators for the economy and are expected to show continuing weak job creation when they are released next week.

The National Association of Realtors reported, meanwhile, that sales of existing single-family homes fell 1.7 percent in May. Following the April decline of 0.7 percent, the latest figure confirmed that housing no longer is leading the weak recovery.

During the first quarter, an upward revision of the gain in residential fixed investment, from 8.4 percent to 11.7 percent, was one of the major sources of the stronger numbers for the gross domestic product. Another was the upward revision of U.S. export gains from 0.9 percent to 2.5 percent.

Neither of these important pluses for the economy is likely to continue. Exports are certain to be hit by slower growth in the United States' major trading partners. In Paris, the Organization for Economic Cooperation and Development forecast that the U.S. economy would grow 2.1 percent this year, while growth in Japan would slow to 1.8 percent and in Germany to 1.3 percent.

A pointed warning therefore See ECONOMY, Page 16

Can Privatization End Italy's Gloom?

By Roger Cohen New York Times Service

ROME — From the deeply depressed Milan stock exchange, where trading has slowed to a crawl, to the dark corridors of state-owned industrial companies in Rome, where politically appointed managers talk morosely of privatization, Italy's economic gloom is uniform.

"We are in the midst of a very deep fog," said Carlo Scognamiglio, the rector of the Luiss business school in Rome, "and only radical action to change the nature of the economy will get us out."

In the face of this impasse, a buzzword has caught on: privatization. Shipbuilding, steel, banking, mining, energy, aerospace, utilities and railways are among the sectors in which the state is either the sole owner or a dominant force.

The trouble is, many of these enterprises are aimed more at serving political interests — like preserving jobs — than in making money.

Even so, if not exactly a panacea, a big sell-off of state property is now seen by business executives, economists and some politicians as the only way to hitch Italy, the world's fifth-largest economy, to the mainstream of Europe and arrest what a former industry minister, Renato Altissimo, called "our slide toward Cairo."

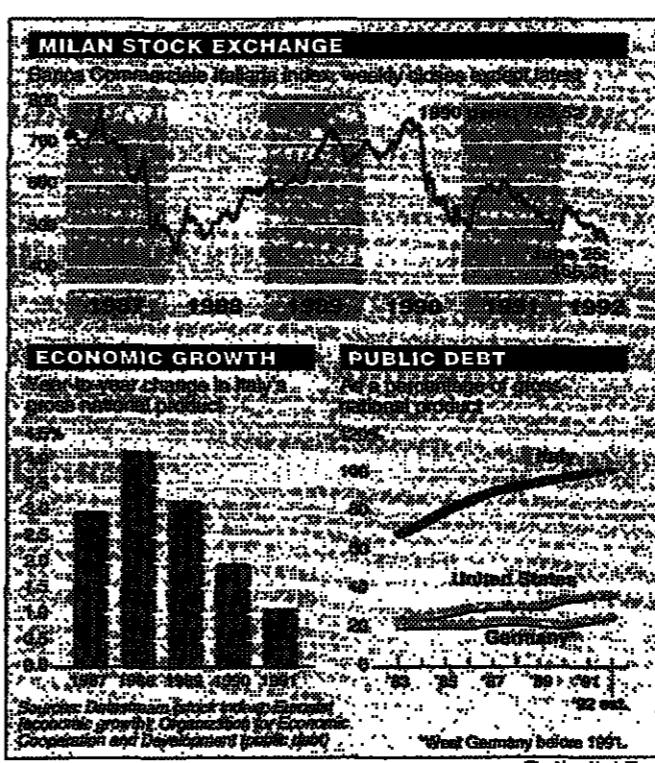
Asked if the country's notoriously slow-moving political class could take such drastic action, Mr. Altissimo said, "I don't see how parties will agree. I never knew a turkey that asked for Christmas to be brought forward."

What is clear is that an immense, and very uncharacteristic, act of political will is needed to drag Italy from its slump. With the country still searching for a government 10 weeks after an election — Giuliano Amato, deputy leader of the country's Socialist Party and a former Treasury minister, was officially asked last week to try to form a new government — that looks hugely unlikely. But the alternative is grim.

"If you sell state assets you strike at the heart of the Italian political system," contends Fabrizio Garimberti, an economist. "But politicians will be dragged kicking and screaming into privatization because it is the only way to solve the crisis of our public finances. And therefore it is the only way for Italy to remain in Europe."

Italy's problems have come home to roost in twin crises afflicting the federal finances and the Milan stock exchange.

Two figures sum up the extent of the nation's plight. The first is a large



MILAN STOCK EXCHANGE and ECONOMIC GROWTH PUBLIC DEBT

Source: Reuters, Bloomberg, and other sources. Figures are in billions of lire unless otherwise indicated. *West Germany before 1991.

one: 1,469,831,000,000 lire, or \$1.2 trillion. That is the size of the national debt after years of reckless government spending in every form of patronage, from jobs for teachers with no pupils to disability payments for entire villages of able-bodied Southerners. It equals 103 percent of Italy's total output of all goods and services, up from just 69 percent in 1983.

By comparison, the net public debt of the United States, at a mere 37 percent of gross national product, is moderate.

The second dismal figure is the price of stock in Fiat SpA, the company that symbolizes private enterprise and is a bellwether for the economy.

See GLOOM, Page 17

OECD Sees Pickup In North America

By Carl Gewirtz International Herald Tribune

PARIS — An economic recovery in North America should become firmly established and begin gathering pace during the coming six months, the OECD forecast Thursday in its outlook for the coming 18 months.

But the pickup would be moderate — "more like a swimmer coming to the surface," said the OECD's chief economist, Kumi-

haru Shigehara, rather than the sharp contrast of coming into the sunlight out of a tunnel.

The Organization for Economic Cooperation and Development sees U.S. growth running at a 3.6 percent annual rate and in Canada at 4.3 percent next year, up from 2.1 and 2.3 percent, respectively, this year.

"The pickup should become increasingly firmly established without any further policy action," says the report, written in early June. Asked whether this meant the secretariat would take issue with President George Bush's urging the Federal Reserve Board to further reduce interest rates, Mr. Shigehara limited himself to repeating a warning for monetary officials contained in the report: "Credibility is difficult to build but easy to undermine."

Outside the OECD area, the report sees continued rapid growth in Asia, with the China-Hong Kong-Taiwan triangle emerging as a major growth region.

See OECD, Page 17

CURRENCY RATES

Table with columns for Currency, Unit, and Rate. Includes entries for Australian dollar, British pound, Canadian dollar, etc.

Close in Amsterdam, London and Zurich. Rates in other centers: New York closing rates. All times local. To buy one dollar: * Units of 100; N.A.: not available.

Other Dollar Values

Table with columns for Currency, Par \$, and Rate. Includes entries for Argentine peso, Australian dollar, etc.

Sources: NAB (Amsterdam); Indesbank (Brussels); Banca Commerciale Italiana (London); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

Forward Rates

Table with columns for Currency, 30-day, 60-day, 90-day, and 1-year rates.

Sources: All forward rates except ECU: Reuters Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

INTEREST RATES

Table with columns for Eurocurrency Deposits, Term, and Rate. Includes entries for 1-month, 3-month, 6-month, and 1-year deposits.

Sources: All forward rates except ECU: Reuters Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

Table with columns for Country, Term, and Rate. Includes entries for United States, 3-month, 6-month, and 1-year rates.

Asian Dollar Deposits

Table with columns for Term, Rate, and Source. Includes entries for 1-month, 3-month, 6-month, and 1-year deposits.

U.S. Money Market Funds

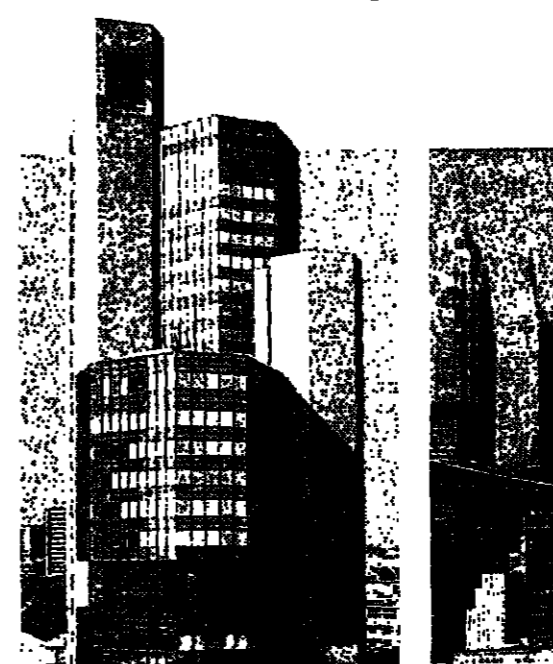
Table with columns for Fund Name, Yield, and Assets. Includes entries for Merrill Lynch Ready Assets, etc.

GOLD

Table with columns for Location, Price, and Change. Includes entries for Hong Kong, London, etc.

Sources: Reuters, Bloomberg, and other sources. All prices in U.S. dollars per ounce. All prices in U.S. dollars per ounce.

Strong gains in quality growth and earnings



As in previous years, Hessische Landesbank considerably expanded its business activities and posted a substantial increase in profitability in 1991.

Financial Highlights table with columns for 1990 and 1991. Rows include Business volume, Balance sheet total, Total credit volume, Customer loans, Partial operating results, Capital and reserves, and Distributable income.

Helaba Frankfurt Hessische Landesbank-Girozentrale

Head Office: Jungfernstieg 18-26 D-6000 Frankfurt/Main Telephone (069) 122-01 Telex 415 291-0 499, Park Avenue - New York - N.Y. 10022 Telephone (212) 371-2500 Telex 234 426 London Branch: 8, Moorgate - London EC2R 6DD Telephone (71) 334 4500 Telex 89 7511 Dublin Branch: Helaba Asset Management/Helaba International Finance plc. AIB International Centre 1FSC Dublin 1 Telephone (11 679) 71 20 (H.A.M.) (11 679) 71 25 (H.F.) Telex (11) 74 945 Telex 32 70 helaba Helaba Lorenzbank - Hessische Landesbank International S.A. - Place de Paris Luxembourg Subsidiary: Telephone (352) 499-4011 Telex 3295 helu lu

KKR to Buy 47% Stake In Food-Services Giant

Compiled by Our Staff From Dispatches

NEW YORK — The buyout specialist Kohlberg, Kravis Roberts & Co. said Thursday it would invest \$300 million in the food-services giant TW Holdings, acquired three years ago by another set of high-flying 1980s corporate raiders.

Under terms of a recapitalization agreement, TW also will restructure about \$1 billion in high-cost debt, retiring some junk bonds but replacing the majority with lower-interest securities.

Once completed, KKR will own about 47 percent of TW, the parent of TW Services Inc., which owns about 2,000 restaurants and also provides vending machines and food services to institutions through its Canteen unit.

TW was acquired for \$1.65 billion in 1989 by Coniston Partners, a trio of corporate raiders that for eight years ran a \$700 million investment fund. The fund was disbanded in July 1990 in response to the shrinking market for mergers and acquisitions. (AP, Bloomberg)

MARKET DIARY

Worries on Profits Push Stocks Down

Compiled by Our Staff From Dispatches NEW YORK — U.S. stock prices finished a listless session with small losses, as new ripples of profit jitters kept many investors sidelined.

The Dow Jones industrial average, which added 5.08 points Wednesday, gave back 6.69 points to 3,284.01.

Among the broader gauges, the New York Stock Exchange composite index eased 0.28 to 221.53 and Standard & Poor's 500-stock index slid 0.71 to 403.12.

Advances led declines by an 8-to-7 margin, while adjusted volume amounted to 182.3 million shares, compared with 193.8 million in the same period Wednesday.

The software industry became the latest sector to fall prey to the profit concerns, after Lotus Development Corp. issued a warning about second-quarter and 1992 profits.

In addition, investors remain apprehensive about the economic recovery following a surprisingly bleak durable-goods report.

Many companies will release second-quarter results in a few weeks and investors are likely to stay inactive until then, traders said.

"People are still very much concerned about earnings as they come out," said Bill Rafferty, technical analyst at Smith Barney. "More and more stocks are being hurt by the earnings revisions."

The market also remained sensitive to other bad news. British Petroleum Co. attracted heavy selling after news of its chairman's resignation. BP "is a well-trenched stock, and that got some people concerned," said Jack Shepley, director of research for Advest Inc. Traders cited concerns that the company's dividend could be cut or eliminated.

Robert Caputo, director of research at Swiss Bank Corp. Investment Banking Inc., noted that some consumer-product stocks were rebounding. But he said uncertainty about earnings chilled interest for most other issues.

Philip Morris paced the Big Board activists, slipping 1% to 73%. Shares of tobacco companies were active for the second straight day following Wednesday's Supreme Court ruling allowing smokers to sue cigarette makers under state injury laws.

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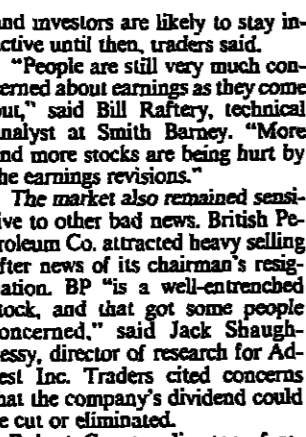
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The Dow



D J F M A M J 1991 1992

NYSE Most Active

Table listing the most active stocks on the NYSE, including volume, price, and change.

AMEX Most Active

Table listing the most active stocks on the AMEX, including volume, price, and change.

NYSE Diary

Table showing NYSE trading statistics for the day, including volume, value, and price range.

AMEX Diary

Table showing AMEX trading statistics for the day, including volume, value, and price range.

NASDAQ Diary

Table showing NASDAQ trading statistics for the day, including volume, value, and price range.

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Dow Jones Averages table showing indices for Industrials, Transp., Utilities, and S&P 100.

Standard & Poor's Indexes table showing various industry and market indices.

NYSE Indexes table showing Composite, Industrials, Transp., Utilities, and Finance indices.

NASDAQ Indexes table showing Composite, Industrials, Transp., Utilities, and Finance indices.

AMEX Stock Index table showing Composite, Industrials, Transp., Utilities, and Finance indices.

Dow Jones Bond Averages table showing 30 Bonds, 10 Utilities, and 10 Industrials.

Market Sales table showing NYSE 4 p.m. volume, NYSE prev. close, and other market data.

NYSE Most Active table listing top trading stocks.

AMEX Most Active table listing top trading stocks.

NASDAQ Most Active table listing top trading stocks.

NYSE Diary table showing trading statistics.

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EUROPEAN FUTURES table showing various futures contracts.

Food table showing futures prices for various food commodities.

Metals table showing futures prices for various metals.

Stock Indexes table showing various stock market indices.

Spot Commodities table showing prices for various commodities.

Dividends table showing dividend information for various stocks.

S&P 100 Index Options table showing options data for the S&P 100 index.

3-MONTH EURO DOLLARS table showing interest rates for 3-month Euro dollars.

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Ruling Puts U.S. Duty on Canada Logs

WASHINGTON (NYT) — A U.S. trade agency ruled Thursday that imported Canadian lumber hurt American producers, which would allow a 6.51 percent import duty to take effect next month.

William A. Dymond, the commercial counselor at the Canadian Embassy, said his country would seek to overturn the International Trade Commission's verdict by appealing to a binational arbitration panel created by the 1988 free trade agreement between the two countries.

The dispute comes as American, Canadian and Mexican negotiators are in the final stages of drafting a North American free-trade agreement.

Lotus Lowers Its Earnings Estimates

CAMBRIDGE, Massachusetts (Combined Dispatches) — Lotus Development Corp. on Thursday lowered its earnings estimates for the second quarter and the year, citing slower-than-expected growth in the spreadsheet market.

The computer-software maker forecast earnings of 45 to 55 cents a share for the quarter, down from prior estimates of 50 to 60 cents a share. It also cut its full-year estimate to \$1.75 to \$2.00 a share, below analysts' forecasts of \$1.95 to \$2.30.

"As we approach the close of our quarter, it is apparent that we will not meet Wall Street's expectations for this quarter," said Ed Gillis, chief financial officer. Lotus's second-quarter results are due on July 15.

Pepsi Buys Rest of Kraft Partnership

TORONTO (AFX) — PepsiCo Foods International said it had purchased the 50 percent it did not own in Hostess Frito-Lay Co., its partnership with Kraft General Foods Canada Inc. Terms were not disclosed.

The partnership, which was formed in 1988, employs 2,400 people and has plants in Ontario, Alberta, Quebec and Nova Scotia.

"The growth potential of the Canadian snack-food market and Hostess Frito-Lay's excellent performance initiated the re-evaluation of our approach," said Michael Jordan, chairman of PepsiCo International. "Kraft General Foods said it wished to focus on its packaged food business, and this is the right time to part company," he said.

Rail Strike Shortens More GM Shifts

DETROIT (Bloomberg) — General Motors Corp. said its minivan plant in North Tarrytown, New York, worked abbreviated shifts on Thursday and would close indefinitely starting Friday because of the national freight rail strike.

The automaker's pickup-truck plant in Fort Wayne, Indiana, worked short shifts for a second day on Thursday, a company spokesman said. GM said more parts and assembly plants were likely to work short shifts or close as parts pipelines run dry.

GM said that within 24 hours of a walkout by railway workers, 25 percent of its 150 North American parts and assembly plants would be forced to close. Within 72 hours, about half of all GM facilities would have to cease operations.

For the Record

Chikank was lambasted by the Office of the Comptroller of the Currency for sloppy security procedures regarding the storage and destruction of canceled securities certificates. The OCC said it had censured the bank for violating transfer rules for securities. (Bloomberg)

Kaufman & Broad Home Corp. said its second-quarter net income rose to \$4 million from \$3.7 million a year earlier, aided by improved profitability in its California home-building operations. (UPI)

General Mills Inc. said its fourth-quarter net income rose to \$93.4 million, from \$90.9 million a year earlier. For the year, profit rose to \$495.6 million from \$472.7 million, as sales rose 9 percent. (UPI)

Emerson Radio Corp. and Fidenas Investment Ltd. agreed to a settlement under which the Fidenas slate of directors would not be opposed at the annual meeting on July 7. Fidenas would make a \$32.5 million equity investment in the electronics importer. (Bloomberg)

ECONOMY: New Fears of a Stall

(Continued from first finance page) came from the National Association of Manufacturers. Its economist, Gordon Richards, pointed out that the "massive" \$40 billion first-quarter gain in consumption far outweighed the gain in income, which meant the consumer could no longer carry the economy.

"If the recovery is to be sustained in the second half," he said, "additional support will have to come from exports and business investment. If these do not materialize, there is some risk the recovery will stall, much as it did last year. Only a rise in exports will prevent this sort of scenario from playing itself out a second time."

On Thursday as traders focused on the weak housing and employment data and ignored the rise in first-quarter GDP, Bloomberg Business News reported.

"People took a look at the numbers and found another reason to sell the dollar," said Don Quattrone, assistant vice president at Connecticut National Bank.

The dollar closed at 1.5368 Deutsche marks, down more than a penny from 1.5496 DM on Wednesday, and at 125.17 yen, down from 126.35 yen. It slid to 1.3823 Swiss francs from 1.4010 francs, and to 5.1720 French francs from 5.2170.

The dollar's decline against the pound was especially pronounced. The pound closed at \$1.8980, up from \$1.8805.

In London earlier, the dollar was quoted at 1.5395 DM, down from 1.5512 DM on Wednesday.

Foreign Exchange

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Rail Order for GEC-Alstom

PARIS — A consortium led by the French-British group GEC-Alstom has been picked to deliver 37 trains for a new high-speed train network, the French national railway company said Thursday.

The choice was made by railroad companies in France, Belgium, Germany and the Netherlands, the railway company, known as SNCF, said. The new trains are to link Paris, Brussels, Cologne and Amsterdam at high speeds, around 300 kilometers (186 miles) an hour.

The contract is worth 4.6 billion French francs (\$872 million), according to the announcement. Observers noted that the German rail system ordered three trains from GEC-Alstom, although German builders also were in the picture.

U.S. FUTURES

Table showing U.S. futures prices for various commodities like Wheat, Soybeans, and Corn.

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Vertical advertisements on the right edge of the page, including 'Montedison Debt With A', 'WINE: In Brit', 'LOOM: Will P', and 'BCD: Economic F'.

NYSE

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

17	High	Low	Stock	Div	Yield	High	Low	18
AA	100.00	99.00	AA					100.00
AAA	100.00	99.00	AAA					100.00
ABX	100.00	99.00	ABX					100.00
AC	100.00	99.00	AC					100.00
AD	100.00	99.00	AD					100.00
AE	100.00	99.00	AE					100.00
AF	100.00	99.00	AF					100.00
AG	100.00	99.00	AG					100.00
AH	100.00	99.00	AH					100.00
AI	100.00	99.00	AI					100.00
AJ	100.00	99.00	AJ					100.00
AK	100.00	99.00	AK					100.00
AL	100.00	99.00	AL					100.00
AM	100.00	99.00	AM					100.00
AN	100.00	99.00	AN					100.00
AO	100.00	99.00	AO					100.00
AP	100.00	99.00	AP					100.00
AQ	100.00	99.00	AQ					100.00
AR	100.00	99.00	AR					100.00
AS	100.00	99.00	AS					100.00
AT	100.00	99.00	AT					100.00
AV	100.00	99.00	AV					100.00
AW	100.00	99.00	AW					100.00
AX	100.00	99.00	AX					100.00
AY	100.00	99.00	AY					100.00
AZ	100.00	99.00	AZ					100.00
BA	100.00	99.00	BA					100.00
BB	100.00	99.00	BB					100.00
BC	100.00	99.00	BC					100.00
BD	100.00	99.00	BD					100.00
BE	100.00	99.00	BE					100.00
BF	100.00	99.00	BF					100.00
BG	100.00	99.00	BG					100.00
BH	100.00	99.00	BH					100.00
BI	100.00	99.00	BI					100.00
BJ	100.00	99.00	BJ					100.00
BK	100.00	99.00	BK					100.00
BL	100.00	99.00	BL					100.00
BM	100.00	99.00	BM					100.00
BN	100.00	99.00	BN					100.00
BO	100.00	99.00	BO					100.00
BP	100.00	99.00	BP					100.00
BQ	100.00	99.00	BQ					100.00
BR	100.00	99.00	BR					100.00
BS	100.00	99.00	BS					100.00
BT	100.00	99.00	BT					100.00
BV	100.00	99.00	BV					100.00
BW	100.00	99.00	BW					100.00
BX	100.00	99.00	BX					100.00
BY	100.00	99.00	BY					100.00
BZ	100.00	99.00	BZ					100.00
CA	100.00	99.00	CA					100.00
CB	100.00	99.00	CB					100.00
CC	100.00	99.00	CC					100.00
CD	100.00	99.00	CD					100.00
CE	100.00	99.00	CE					100.00
CF	100.00	99.00	CF					100.00
CG	100.00	99.00	CG					100.00
CH	100.00	99.00	CH					100.00
CI	100.00	99.00	CI					100.00
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CK	100.00	99.00	CK					100.00
CL	100.00	99.00	CL					100.00
CM	100.00	99.00	CM					100.00
CN	100.00	99.00	CN					100.00
CO	100.00	99.00	CO					100.00
CP	100.00	99.00	CP					100.00
CQ	100.00	99.00	CQ					100.00
CR	100.00	99.00	CR					100.00
CS	100.00	99.00	CS					100.00
CT	100.00	99.00	CT					100.00
CV	100.00	99.00	CV					100.00
CW	100.00	99.00	CW					100.00
CX	100.00	99.00	CX					100.00
CY	100.00	99.00	CY					100.00
CZ	100.00	99.00	CZ					100.00
DA	100.00	99.00	DA					100.00
DB	100.00	99.00	DB					100.00
DC	100.00	99.00	DC					100.00
DD	100.00	99.00	DD					100.00
DE	100.00	99.00	DE					100.00
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DG	100.00	99.00	DG					100.00
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DM	100.00	99.00	DM					100.00
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DO	100.00	99.00	DO					100.00
DP	100.00	99.00	DP					100.00
DQ	100.00	99.00	DQ					100.00
DR	100.00	99.00	DR					100.00
DS	100.00	99.00	DS					100.00
DT	100.00	99.00	DT					100.00
DV	100.00	99.00	DV					100.00
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Japan Bids High for Vietnam Oil

HANOI—Japanese companies, bidding high for oil-exploration rights in Vietnam, have introduced what one source described as hysteria into a fledgling industry that has not yet produced much crude.

Idemitsu Oil Development Co. signed a production contract here on Wednesday with state-run PetroVietnam to drill off the northeast coast.

It was the second high-stakes contract this month. Other Japanese companies are bidding for exploration rights at the Dai Hung field, believed to hold the biggest reserves.

Vietnam's only producing company, a joint venture with Russia, pumps a field discovered by Mobil Oil in 1975 in the South China Sea.

Idemitsu's oil deal and another that PetroVietnam signed on June 4 with AEDC Vietnam, a subsidiary of AOC Energy Development Co. and Teikoku Oil, were the first important Japanese moves outside the U.S. embargo on trade with Hanoi.

"They're taking advantage of the fact that their American competitors aren't participating at the moment," said a Western oil company official.

Another Western oil executive said the non-Japanese companies, with no government financial backing, were unable to match the bids.

"It's unsettling because it is not a fair competition," he said. "This is the strategic thinking of the Japanese. They have a lot of government support. They have a strategy to get after the oil in Vietnam. Vietnam is close to home."

Companies from Australia, Britain, Canada, France, India, Malaysia and the Netherlands have drilled 17 dry wells off Vietnam.

Noodle Empire Widens Base

TOKYO—The world's first instant noodle hit the Japanese market in August 1958. The man who invented the process in a hut in the backyard of his Osaka house now chairs Nissin Food Products Co., the world's largest instant-noodle maker with \$1.5 billion in annual sales, and the company is rapidly expanding into other fields.

The company, founded by Momofuku Ando, set up Nissin Molecular Biology Institute in Boston in 1987 and another research center in Shiga Prefecture in 1988, aimed at getting a foothold in the lucrative pharmaceutical industry through studies in human immunology, Anti-AIDS and anti-cancer drugs are under development.

"Health is a logical extension to food manufacturing," a Nissin official said.

Japan Convenience Food Association estimates that Japan's market for all instant noodles now stands at around \$3 billion a year. An association official said some 550 or more instant-noodle brands were being sold in the country. The original Chicken Ramen is still a favorite, generating \$78 million last year in domestic sales for Nissin. As young and old in the East and West now know, a cup or bowl is ready to eat after it sits for a minute or two in boiled water.

Nissin has roughly a 50 percent share in the market for cup noodles and 15 percent of noodles packaged in plastic bags in Japan. In the United States, the company has some 60 to 70 percent of the market for cup noodles, the association said.

Nissin is best known for the Cup Noodle. The pioneer ramen, also a brainchild of Mr. Ando, was first introduced in September 1968 at Isetan Department Store in Tokyo.

The company has grown rapidly since, with a variety of Cup Noodle products. Nissin's sales totaled 188.49 billion yen (\$1.5 billion) for the year through March 1992, up 10.12 percent.

Nissin has recently announced a long-term plan to increase consolidated annual sales to 500 billion yen early in the next century. That goal may not be reached if the company sticks only to its traditional turf, because because the Japanese market for instant noodles is pretty much saturated, said Eleanor Marsh, who follows the food industry for S.G. Warburg & Co.

Nissin is aggressively expanding into overseas markets. The company currently has 15 subsidiaries overseas, including ones in the United States, Brazil, Singapore and India. And it is building a production plant in the Netherlands to break into the European Community market.

Nissin's current profit totaled 16.92 billion yen for the year through March 1992, down 17 percent. The decline was linked to appraisal losses on securities holdings, according to an analyst at Nomura Securities Co. For the current financial year, Nomura expects current profit to approach 20 billion yen.

Japanese analysts view Nissin as a good defensive investment because it will benefit from the economic downturn in Japan.

"The food makers are increasing sales because people are eating more at home, rather than splurging at expensive restaurants," said a senior analyst at Daiwa Institute of Research.

Japan Won't Unveil Fresh Steps at G-7

TOKYO—The summit meeting of the Group of Seven next month is not the place to unveil the concrete size or timing of further measures Japan is considering to boost its economy, a senior official of the Ministry of International Trade and Industry said Thursday.

"The supplementary measures will be taken not now but after we get information from economic data about the result of measures which were taken," said Seizaburo Okamoto, director-general of MITI's international trade policy bureau.

"The measures will be taken at the end of the summer or autumn, so I think it is not time to announce concrete numbers."

The leaders of Japan, Germany, Canada, the United States, France, Britain and Italy meet in Munich from July 6-8. Japan is expected to face demands from other G-7 members to boost domestic demand.

Mr. Okamoto said the government was still discussing the need for additional measures to boost the economy to ensure Japan achieved its forecast of 3.5 percent growth for this fiscal year ending March 1993, but nothing had been decided yet.

He said that the governing Liberal Democratic Party was trying to push the government to make an early announcement of stimulative measures because it faced an Upper House election in late July.

Other MITI officials said world economic growth and measures needed to assist the former Soviet Union would be the key issues discussed at the G-7 summit.

In total, seven key issues are on the agenda for discussion, the officials said. The other issues are policies to ensure safe operation of nuclear plants, especially in the former Soviet Union; environmental issues; progress in the Uruguay Round of trade talks; assistance for Eastern Europe, and issues confronting developing countries.

The Economic Planning Agency unveiled Thursday a five-year plan designed to answer criticisms from at home and abroad, while keeping economic growth churning at a steady pace. Bloomberg Business News reported from Tokyo.

The report by the agency, urged Japan to reduce its swollen trade surplus, become a leader in preserving the global environment and boost its standard of living by generating an increase in consumer demand.

"This plan represents a fundamental shift in economic policy," said Junji Kume, director of the EPA's planning division. "We are trying to move the emphasis from an economy driven by production to one driven by consumer demand."

The transition can be pulled off while keeping Japan's inflation and unemployment rates near the 2 percent level and its gross national product rising at a steady 3.5 percent a year through March 1993, said the report by the EPA, the prime minister's economic-policy arm.

During the next five years, economic growth from domestic demand is projected to rise 3.75 percent a year, while demand from foreign markets is expected to fall 0.25 percent a year, said Minoru Nagaoaka, chairman of the EPA's planning committee and president of the Tokyo Stock Exchange.

Investor's Asia				
Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong	Hang Seng	6,078.69	5,965.21	+1.90
Singapore	Straits Times	1,501.35	1,488.71	+0.85
Sydney	All Ordinaries	1,644.60	1,647.60	-0.18
Tokyo	Nikkei 225	16,143.72	15,853.67	+1.83
Kuala Lumpur	Composite	598.60	594.00	+0.77
Bangkok	SET	756.98	754.75	+0.30
Seoul	Composite Stock	548.30	551.99	-0.67
Taipei	Weighted Price	4,565.01	4,655.08	-1.93
Manila	Composite	1,477.90	1,477.57	+0.02
Jakarta	Stock Index	319.67	322.52	-0.88
New Zealand	NZSE-40	1,830.33	1,832.90	-0.17
Bombay	National Index	1,847.73	1,861.36	-2.43

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- Standard Chartered PLC confirmed that it had injected further funds into its Indian operation, but would not give the amount, which press reports put at \$400 million.
- John Fairfax Holdings Ltd., the Australian newspaper publisher, said 70 jobs would be cut from its headquarters and printing facility in Sydney.
- Nomura Securities Co. and Nikko Securities Co. will begin investment-trust management in Thailand in July, in ventures with Thai companies.
- Industrial Bank of Japan Ltd., Long-Term Credit Bank of Japan and Nippon Credit Bank Ltd., Japan's three long-term credit banks, will lower their prime rates by 0.2 percentage point to 6.1 percent as of July 1.
- Isao Nakamichi, the head of Japan's biggest supermarket chain, Daisei, became the chairman of the information giant Recruit Co. after buying 33.91 percent of its capital.
- Tokyo area sales of used apartments fell 43 percent year-to-year in May, to 2,943 units, according to a regular survey by Ai Home, a property research company.
- Honam Oil Refinery Co., a subsidiary of South Korea's Lucky-Goldstar Group, has received government approval to build another refinery with a daily capacity of 220,000 barrels.
- The Taiwan dollar closed at 24.6990 against the U.S. dollar, a record high, compared with a previous high of 24.7140 on June 20.
- Action Gold Development Ltd. of Australia said it had developed a process, modified leach technology, to commercially recover gold.

Lilly Sues Japan Firms Over Patents

TOKYO—Eli Lilly & Co. said Thursday that it had filed suits in Tokyo, Osaka and Nagoya courts against six Japanese companies that are preparing to launch generic versions of Cefaclor, an oral antibiotic, seeking injunctions against alleged infringement of the U.S. company's patents.

The Japanese companies are Nihon Yakuhin Kogyo Co., Satoh Yakuhin Kogyo, Tobishi Yakuhin Kogyo, Tsurubara Seiyaku, Towa Yakuhin and Maruko Seiyaku, Lilly said. The company said Cefaclor was developed by Lilly as an anti-infective agent, on which the company holds a number of patent rights.

Stocks Sink Anew in Seoul

SEOUL—The depressed South Korean stock market dropped Thursday to a 52-month low, its second in as many days, and would have sagged further if not for intervention by the Korea Securities Stabilization Fund, brokers said.

"Investors are worrying about inflation and the economy," said a broker at Coryo Securities. Domestic oil-price rises, effective Thursday, also took a toll on the market.

The composite index shed 3.69 points to 548.30, the lowest level since President Roh Tae Woo came to power in February 1988. Intervention, aimed at large industrial and financial issues, lifted the index from a day's low of 544.91.

Traders said they expected the market to rebound somewhat. "Bargain hunting is likely to turn shares higher tomorrow, but will not last more than a couple of days since market confidence has not recovered," said Oh Chul Ho, a trader at Daishin Securities.

(Reuters, Bloomberg)

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Herald Tribune
The Global Newspaper

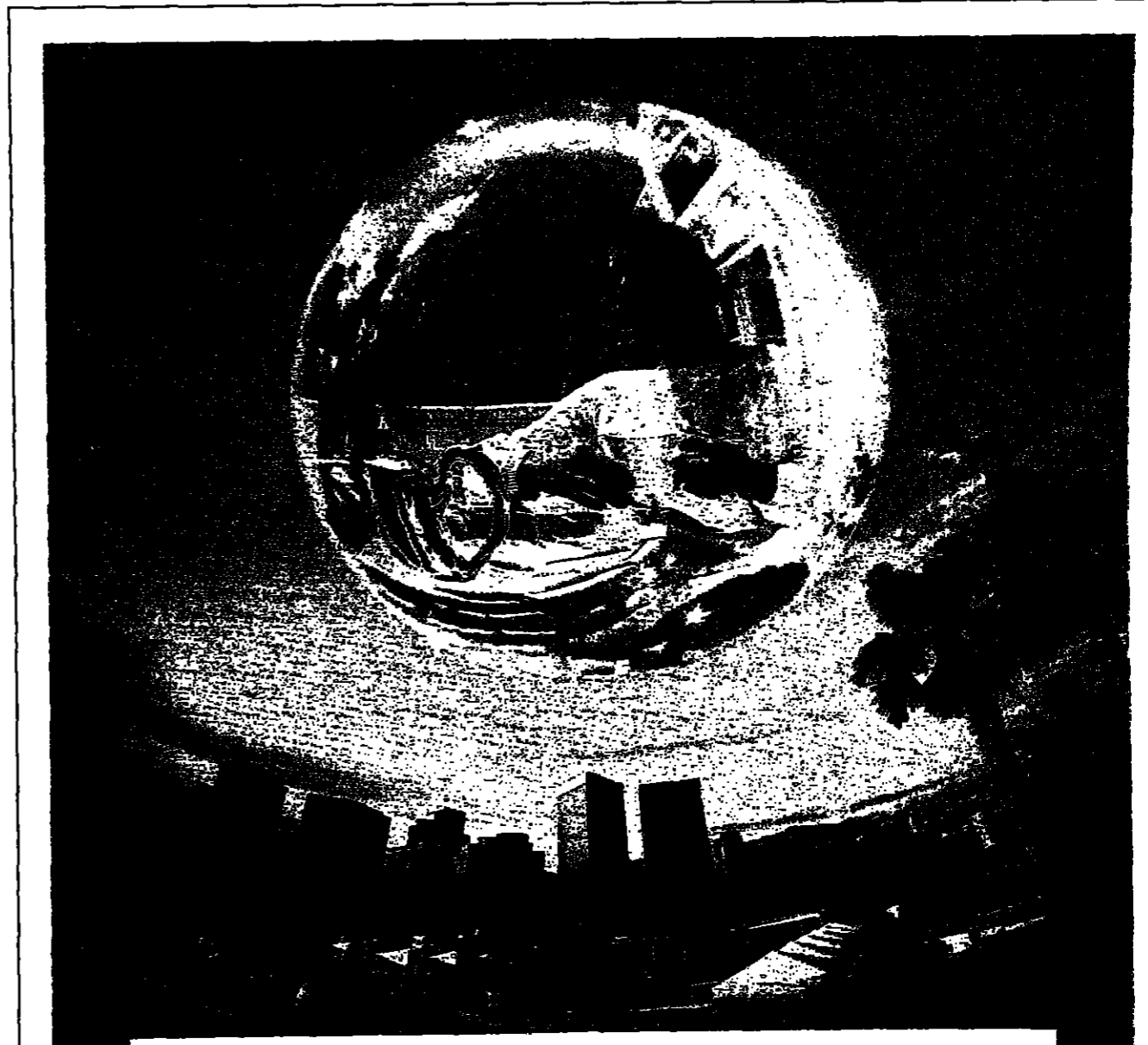
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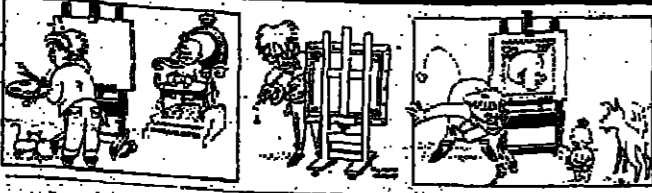
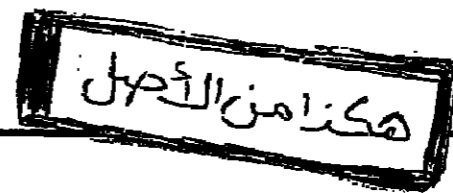
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ART

Saturday-Sunday, June 27-28, 1992 Page 7

Auctions: Top Dollar Is Paid, but Only for Top-Notch

PARIS—Slowly, an entirely new art market is emerging in the troubled economic environment. The days of grinning optimists are over, and so are those of anxious hand-wringing that followed last year. The buyers are back—cold-eyed, loaded with cash when they targeted an item deemed supremely desirable and ruthlessly indifferent to average art.

This has just been proven by four sales held in different places, appealing to different constituencies.

SOUREN MELKIAN

yet all leading to the same conclusion. The test started June 18 in Monte Carlo, when Sotheby's began an endless auction of Old Master paintings and drawings. These did not fare terribly well.

There were too many mediocrities that dragged down the whole sale like an excess of ballast in heavy seas. No one wanted two dead birds on a kitchen table, even when graced by the signature of the little-known 17th-century Dutchman Elias Vonck and by Sotheby's assurance that they were part of "a collection from a château in eastern France." The birds fell deader than ever at 170,000 francs (about \$32,000), far below the estimate of 300,000 to 400,000 francs.

An interesting grouping of five predellas, and an "Adoration of the Infant Jesus" which, a specialist suggested, was "from the hand of an artist as yet unidentified from the master's [Bastiano Mainardi's] entourage," went the same way, followed by a host of others.

When failure affects such grotesque pieces as Francesco Albani's "Putti Dancing" or Henri Millot's "L'Yvesse de Bacchus" it doesn't matter too much.

But when mishaps affect pictures like Pierre Anquetin's "Incendie de la Foire Saint Germain," done around 1863, this is a matter of greater concern. The view of a Paris market hall engulfed in flames is the better of two versions, the other belonging to the Musée Carnavalet.

What was wrong was the estimate set at 400,000 to 600,000 francs. The picture went unsold at 280,000 francs. Overestimation likewise fatally hurt an exquisite little still life by Anne Vallayer-Coster which the expert Etienne Breton assessed before the sale would easily find a niche within a range of 500,000 to 700,000 francs. It didn't.

Of the two star lots, two matching portraits of the Maréchal de Belle-Isle and his spouse done in pastel by Maurice Quentin de La Tour, only the Maréchal sold. The price was 2,220,000 francs, matching the "low" estimate—which was much too high. A distinguished provenance, the collection of Jacques Doucet, made no difference.

Yet there was no shortage of cash. A preparatory study for François-André Vincent's "La leçon de labourage" in the Bordeaux Museum more than doubled its high estimate at 754,800 francs. The picture was commissioned around 1795. Its melodramatic style is back in favor in France. Above all it is rare because it combines different stages in the execution of a preparatory sketch. All told, if the picture sale was not a success, this was essentially because there were too many indifferent items with high estimates.

On June 19, Sotheby's discomfited with its auction of furniture was commensurate to its lack of merit. It came within a hair of turning into an outright disaster. The failure rate was 46 percent in value. But on Saturday at last, Sotheby's had its sweet moment of triumph.

The collection of silver, mostly French 18th century, was formed in the 1950s by the multimillionaire Arturo Lopez-Willshaw with the help of an immensely knowledgeable dealer and expert, Jacques Helff, keen to get the best for a client who paid the most. Many remarkable pieces have long since found their way into museums — Lopez-Willshaw died in 1962.

What was left was, in several cases, dazzling. The hors d'oeuvre, a gold snuff box by Barnabé Sageret with the mark of the year 1743, almost doubled the high estimate, ending up at 932,400 francs. Peanuts compared to the performance of the next lot, a pair of double salt-cellars by Jacques Trouvé which illustrate the tail-end of the Louis XIV style in 1712-1713. At 1,942,500 francs, they nearly tripled the high estimate.

It all culminated with François-Thomas Germain's coffee pot more than quadrupling the high estimate as it climbed to 8,325,000 francs. With its twisted fluting and naturalistic foliage around the short spout, it could be claimed to be the ultimate in French Louis XV silver. That day every silver piece found a buyer and the total rose to an impressive 33,270,000 francs.

If the success story stopped at such a famous collection in a field where investors have made some inroads, no conclusion could be drawn from it. Remarkably, the same general trend could be observed on Monday at Drouot where François de Riquelmes was auctioning "Islamic art" from the Arab world, the Iranian world and Turkey.

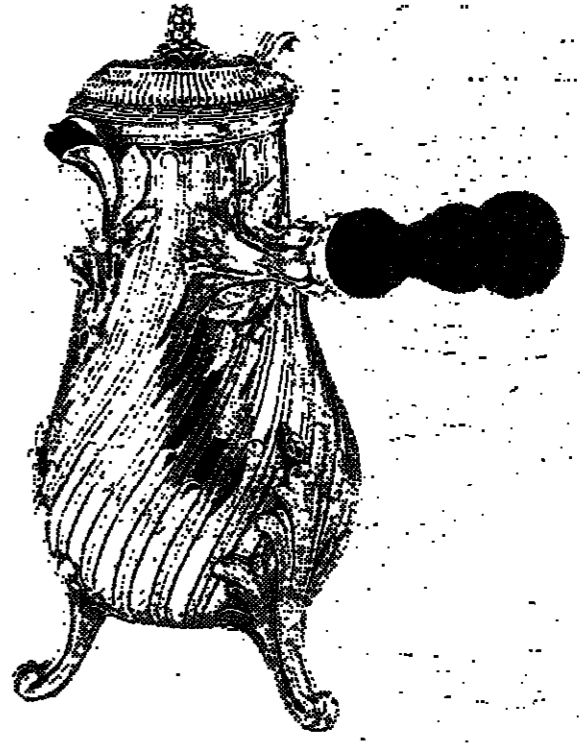
Much of it looked battered, starting with the cover lot, a footed glass bowl of the 13th century from Syria, smashed and clumsily glued together. But the auction had two pluses. The better objects came from two old collections, and were boosted by the lure of rarity

combined here and there with the seal, effective or supposed, of history.

This sent the footed glass bowl from Syria soaring to inconceivable heights. The calligraphy in gold lettering on blue ground spells out the titles of an unnamed sultan. Two lions have been interpreted as being the "arms" of Sultan Beybars I of the Mamluk dynasty. This has yet to be proven. But early glass is rare, and the piece ended up at 545,728 francs. It is headed for the Louvre museum.

The lure of history worked a second time when two pottery revetment tiles from Iran painted in golden lustre with touches of blue and turquoise came up. I showed last year in the French journal of Iranian studies, Studia Iranica, that these Iranian tiles with trilobate arches flanked by volutes carrying animal heads are all inscribed with Persian verses from the 10th century "Book of Kings" by Ferdowsi. They were commissioned in 1281-1282 by Sultan Ahmad, the first Mongol ruler of Iran to go over to Islam under the influence of Sufi masters. A whole frieze of these tiles covered the walls of the summer palace at Takht-e Soleyman symbolically re-created over the pre-Islamic site of the ancient Sassanian temple shrine. Despite breaks and restoration the tiles shot up to 86,418 francs. Two more tiles with scenes relating to royal symbolism not mentioned in the catalogue zoomed to an even more surprising 298,882 francs.

Throughout the sale, there was a contrast between competitive bidding on works admired, rightly or wrongly, and a lack of response to other pieces. The collectors' market is alive, but the speculative market dead. That means a commercial crisis, which is now hitting dealers in a big way. The art market does not thrive on star pieces, of which there are few. It prospers when run-of-the-mill art does well. Right now, that kind of art barely sells.



François-Thomas Germain's coffee pot: The ultimate in Louis XV silver quadrupled the high estimate.

Unleashing the 'New' Guggenheim

By Paul Goldberger New York Times Service

NEW YORK—Architecture is like life: a matter of trade-offs.

Right now the best trade-off in New York is at the corner of 89th Street and Fifth Avenue, where the renovation and expansion of the Solomon R. Guggenheim Museum has left this structure — one of the greatest buildings of the 20th century — at once compromised and improved.

Changing a major New York landmark is never a minor matter. This seven-year, \$45 million effort (which means closing the museum for the past two and a half years) has been a particularly painful saga. That's partly because Frank Lloyd Wright's extraordinary concrete structure seems designed to repel all attempts to alter it, but also because the architects, Charles Gwathmey and Robert Siegel, blundered in their initial proposal for a Guggenheim expansion in 1985. The ill-conceived early scheme was eventually replaced by a 10-story limestone addition by Gwathmey and Siegel that, along with the renovated Wright building, will open to the public Sunday.

And here's where the compromise comes. The problem isn't that this new addition imposes on the Guggenheim, as the first version would have done. No, the limestone slab that finally got built is so well mannered that it defers altogether to Wright's powerful building. It would appear to be doing exactly the right thing: its patterned grid of limestone hangs behind the Guggenheim like a genteel curtain. But this calm, ordered smoothness nevertheless manages to change the relationship between Wright's dramatic, circular building and the rest of the city.

WRIGHT'S Guggenheim has always been like an explosion on Fifth Avenue. It is strident, it is loud, it defers not a whit to anything around it. It breaks every rule. It is so astonishing as a piece of architecture, of course, that it makes you feel that rules hardly matter. But the very way in which Wright's building breaks the rules of urban design becomes its own rule: the way it clashes with its surroundings is the way the Guggenheim communicates its architectural essence.

Now, it clashes hardly at all. Instead of having an awkward apartment house wall as its backdrop, Wright's Guggenheim now stands before a handsome facade of what the architects call a "tartan grid" of limestone. It is as reasoned, and as reasonable — backdrop as one could ask for. Yet the real setting Wright's building craves is not one

that has been carefully wrought to accommodate it but the random disorder of the city itself.

If the exterior of the Guggenheim now seems reined in and tamed, anchored where it once floated free, the interior, which is what really matters, has been unleashed and allowed to soar. The true achievement of Gwathmey and Siegel is in restoring Frank Lloyd Wright's vision. Now the glory of his joyous, sensual, intricate, mischievous and finally uplifting interior spaces can be perceived as never before.

Not only is the top of the spiral open, but the glass in the dome has been replaced, its center panes now clear, washing the rotunda with natural light and allowing tantalizing glimpses of sky and skyline. Not only is the little rotunda opened up and restored for the display of art, but this exquisite counterpoint to the main rotunda has been connected to new galleries in the lower

floors of the Gwathmey-Siegel addition, creating a whole new sequence of spaces and movement.

And the much-maligned old annex has been demolished, its foundation turned into the base of the new addition.

MY sense is that the Guggenheim has been liberated far more than it has been altered. How else to describe the opening of roof decks, allowing visitors to climb about this building as never before? Or the reopening of Wright's original exterior ramp down to the basement auditorium, which had been turned into a delivery entrance but will soon again be public, offering perhaps the most dramatic route into the interior?

The auditorium itself is also being restored, though it will not be ready until at least the end of the year. Wright's original café, in an alcove off the main rotunda, which

was closed shortly after the museum opened in 1959, is being reinstated, and a bookstore is being built at the street level of Wright's small rotunda, with views from it to the galleries above.

But what of this as a museum? It has been a commonplace since this building opened in 1959 to speak of it as inhospitable to paintings, to talk of the long spiral ramp and slanted walls as Wright's way of forcing painting to be subservient to architecture.

While this complaint has always been exaggerated — Wright's space can work wonderfully for the display of large Color Field abstractions, Calder mobiles, Pop Art and other postwar works — there is no question that the architecture fights the art a lot of the time. The building usually ends up being in the foreground of one's consciousness, no matter what the paintings. To me, the joy that Wright's ro-

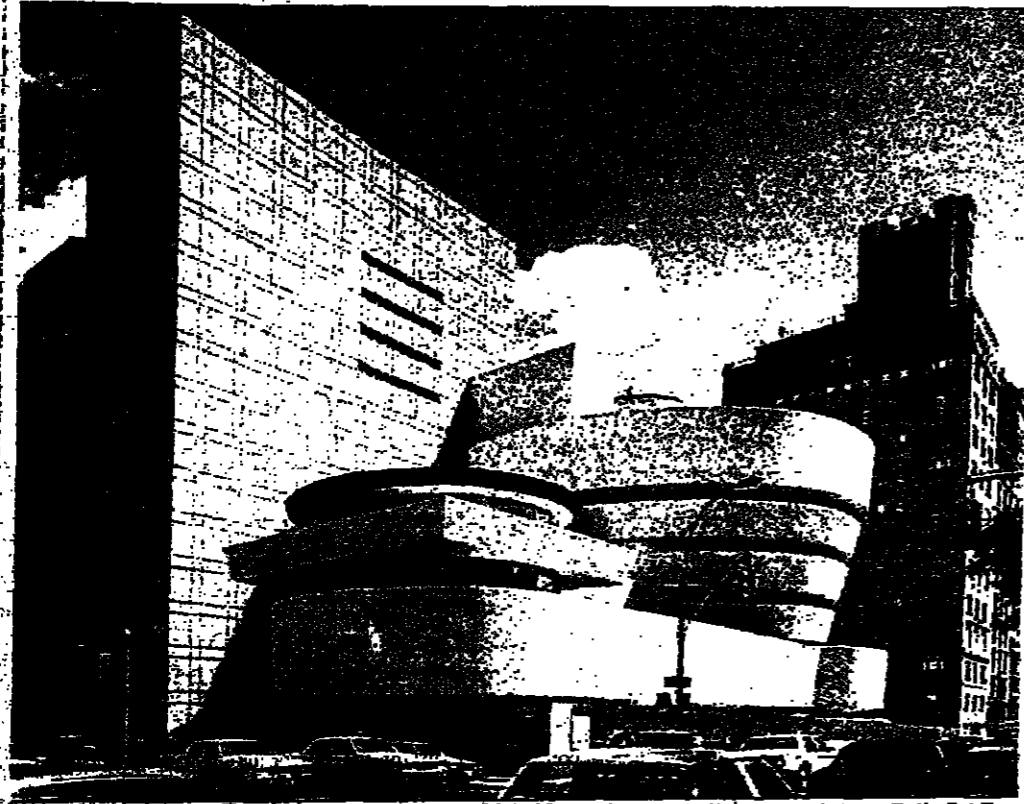
tunda brings has always been worth its limitations as a gallery.

This, then, is the great achievement: the building is now a better museum and a better work of architecture. If the Guggenheim's roles as a museum and as a piece of architecture have always been somewhat at odds, this renovation at least partly resolves them.

Marie-Martine

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The restored Guggenheim with its "tartan grid" annex will reopen Sunday.

A Fluorescent Opening

New York Times Service

NEW YORK — For the opening of the refurbished Solomon R. Guggenheim Museum Sunday, Frank Lloyd Wright's famous rotunda will house only a fluorescent installation by Dan Flavin meant to celebrate the architecture. This choice makes clear the museum's determination to use this difficult display space constructively by putting it at the disposal of artists who specialize in site-specific works.

The new annex, adjacent to the rotunda, will present highlights from the collection for the opening. The Justin K. Thannhauser collection of Post-Impressionist and early modern masterpieces, which is at the core of the museum's holdings, will remain more or less permanently on view; between annex and rotunda, a significant part of the museum's collection will always be displayed. There will also be regular exhibitions based on aspects of the collection, like a forthcoming show of Latin American art.

The inaugural exhibition at the Guggenheim's new branch in SoHo, also opening Sunday and closing Aug. 27, will include works from the permanent collec-

tion by Brancusi, Kandinsky, Robert Ryman, Joseph Beuys, Carl Andre and Louise Bourgeois.

In the fall, in addition to selections from the permanent collection, the downtown Guggenheim will present murals painted by Chagall in 1920 for the state Jewish Kamenny Theater in Moscow, and an exhibition of early works by Robert Rauschenberg that was organized by the Meil Collection in Houston. For early 1983, a show of contemporary German photography organized by the Walker Art Center is planned.

The big fall show uptown will be "The Russian and Soviet Avant-Garde: 1915-32," followed by an installation in the rotunda by the contemporary German artist Lothar Baumgarten. After that the rotunda will house a show of sculpture by Picasso, Calder, Giacometti, David Smith and Julio Gonzalez. Retrospectives of Rebecca Horn, Roy Lichtenstein and Robert Morris, as well as big shows devoted to abstraction and to Italian art in the '60s, are also in the offing.

Probably the most unusual part of the exhibition schedule is a series titled "Osmosis," which will bring together European and American artists in collaboration. The first pair will be Haim Steinbach and Ettore Spaleni, the second, the performance artist Laurie Anderson and the filmmaker Wim Wenders.

And a Wedding in the Museum Rotunda

New York Times Service

NEW YORK — Man makes art work, gets married in it. That's the short version. Seen from the cultural perspective, the story is that Dan Flavin, the Long Island sculptor whose lighting installation fills the rotunda of the Solomon R. Guggenheim Museum, was married there Thursday to Tracy Harris, a painter from Dallas.

But wait; there's the romantic angle. He was a famous artist, she was a promising one. They courted by mail, flirted over the phone. She was five hours late for their first date. (Her plane was circling the

airport.) He waited and soon it was love.

Marry me, he said. Yes, she said, but where?

And so it was Thursday afternoon that the bride party made its way down two levels of the spiral ramp through mists of color created by the light works in the bays. Preceded by a dozen attendants, the bride, who wore a white dress designed by Isaac Mizrahi, was escorted by her parents, Janice Harris and Hayes Harris, a retired architect.

Waiting at the base of a pink fluorescent column reaching almost to the skylight were the bride-

groom and his son, Steven Flavin, a rock musician and filmmaker who composed the processional music. After the ceremony, which was performed by Bernard H. Jackson, a former justice of the New York State Supreme Court, the 150 guests applauded noisily.

Then a string quartet struck up, and waiters began circulating through the crowd with trays of Champagne and canapés.

Advertisement for the International Herald Tribune, stating it is now printed in New York for same-day delivery in key cities. Includes a phone number: 1-800-882-2884.

A directory of international restaurants and cafes in various cities including Dublin, Paris, Rome, and Vienna, listing names and contact information.

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Advertisement for International Fund Investment (IFI) magazine, featuring a subscription form with fields for name, company, address, and payment options.

OPINION

Herald Tribune

A Deserved Yes for Russia

Finally, Boris Yeltsin has won a victory he has richly earned: economic help from the West. For six months the Russian president has implemented astonishingly bold market reforms, pushed his country to democracy and, last week, proffered momentous nuclear cuts. The West, after having given him many warm words and little cold cash, finally has its priorities straight.

adopted a plan acceptable to the IMF. Russia needed no prodding. It had already begun decontrolling prices, cutting its deficit in half. This month, the Parliament passed a sweeping plan to privatize state enterprises. The pace of reform has been astonishing.

POWs: Clear the Smoke

For two decades the Pentagon insisted that all the American POWs from Vietnam had come home and that all those listed as missing in action were dead. But now it turns out that the basis for these assertions was flimsy and that the statements may not have been true.

is the indication that for years the U.S. government did not level with the kin of men to whom it had accumulated a profound obligation for their having taken up arms for their country. The government owed the kin, and the citizenry, a full accounting. It delivered less.

A Cold Shower for Perot

Ross Perot was swimming along nicely a few weeks ago, riding a wave of public discontent with established parties and politicians. Quite suddenly, the can-do billionaire with the common touch finds himself portrayed as a sinister gunshove with an uncommon taste for intrigue, investigations and conspiracy.

the Republicans' "dirty tricks" operation. What are the critical newspaper stories about? Mainly they deal with Mr. Perot's ambitions and grievances. On June 12, for example, the Wall Street Journal reported that in 1987 Mr. Perot — long obsessed with finding missing prisoners of war in Vietnam — used an undercover policeman and compromising photographs in an attempt to intimidate a high Defense Department official.

Other Comment

Yugoslavia: A Killing Pace Inch by ultra-cautious inch, the Bush administration is moving (on Yugoslavia). Washington still has not technically severed diplomatic relations with Belgrade, but Secretary of State James Baker has recalled the ambassador to the now-shattered federation and indicated that the United States will not accept representation at the ambassadorial level from the union of Serbia and Montenegro.

heavy heart: If the equivalent steps had been taken last fall, Bosnia-Herzegovina might not have been invaded at all. At this point, though economic sanctions may be having some effect they are unlikely to save Sarajevo, Bosnia's capital, from the kind of slaughter not seen in Europe since the Nazis took Warsaw.

America Can't Do It, Others Won't, Enter Butros Ghali

By Leslie H. Gelb

NEW YORK — World leaders drown in crises and killing — from Cambodia to South Africa to Eastern Europe. Instinctively, now the UN place lack the cohesion and strength to support effective intervention. Western leaders do not have the will or the political backing or the money to act decisively and are overwhelmed by domestic troubles.

This historical pessimism is quite compelling. On a philosophical plane, Europeans undoubtedly believe in it. Yet, when push comes to shove, they will dispense with philosophy. There is no doubt that if the United States tomorrow called for Western air and naval intervention in the Yugoslav civil war, many European governments would join immediately.

rightly argued, the UN would have no credibility as a guarantor of international security. The big powers, including Russia and China, should address urgently the Butros Ghali blueprint for peacekeeping and peacemaking forces and for preventive diplomacy. It is just sitting there now, unattended.



Historic marker — Sarajevo

The Perot-Mobile Can Move, but Don't Look Under the Hood

By David S. Broder

DALLAS — Seen from the inside, everything about the Ross Perot presidential campaign, including the candidate, seems smaller and more fragile than you expect. For two months the Dallas billionaire has dominated the contest, topping President George Bush and Democratic challenger Bill Clinton in many polls and preempting a giant share of the political news coverage.

his self-image and merged it with the legends of American history. A giant photograph of the young Mr. Perot in heroic navy warrior pose looks at the Revolutionary War painting of the Minute Man led by life and drums. Tributes to Mr. Perot from the POWs and MIAs he has aided line corridors leading to the conference room where Mr. Perot shows visitors that he owns the deed to the land on which Independence Hall stands.

That self-image helps explain why this immensely wealthy and powerful man can identify so completely with the populist protest against Washington. It also helps you understand why he sees himself as an innocent being victimized by character assassins. In all the instances reporters have cited of Mr. Perot's penchant for investigating Mr. Bush and others, Mr. Perot argues he has done only what any "good citizen and taxpayer" would have done.

Facing Down the Shadows: The Man Is No Mussolini

By A. M. Rosenthal

ANNAPOLIS, Maryland — A healthy thing happened to Ross Perot on the way to Election Day — healthy for him, for his campaign and maybe even for America. Mr. Perot stopped, turned, saw three shadows that have been following him around and confronted them. One is the fear that he is a mean harasser who uses his wealth to investigate and harass colleagues, competitors or anybody who crosses him.

from all politicians, or all judges. And he said that the Electoral College system should be abolished — in favor of "one person, one equal vote." I have my personal Perot shadow. He believes in can-do. Fine, but I am still not convinced that he accepts viscerally the importance of the can-do power-balancing provisions of the Constitution. He talks of a "gridlock" between president and Congress that could be unjammed by taking tax-increasing power away from Congress and, somehow, giving it to the public.

examine our assumptions, there are 20 whose real motive is desire for power over others, no less rabble-rousers because they see themselves as anti-racists or feminists or whatever. A professor friend describes how when students get walking out of classes on genetics and boycotting visiting lecturers whose points of view did not coincide with their ideology, he invited them to his study for discussion and for viewing a video of the actual facts. Half a dozen youngsters in their uniform of jeans and shirts filed in, sat down, kept silent while he reasoned with them, kept their eyes down while he ran the video and then, as one person, marched out. A demonstration — they might very well have been shocked to hear — which was a mirror of Communist behavior, an acting out, a visual representation of the closed minds of young Communist activists.

A Dying Ideology Bequeaths Us Its Deadening Way of Thinking

By Doris Lessing

NEWARK, New Jersey — While we have seen the apparent death of communism, ways of thinking that were either born under communism or strengthened by communism still govern our lives. Not all of them are as immediately evident as a legacy of communism as Political Correctness. The first point — language. It is not a new thought that communism debased language and, with language, thought. There is a communist jargon recognizable as the single sentence. Few people in Europe have not joked in their time about concrete

tie to benighted natives. I asked to see his study material and he showed me a thick tome, written so badly and in such ugly, empty jargon it was hard to follow. There were several hundred pages, and the ideas in it could have been put in 10 pages. Yes, I know the obfuscations of academia did not begin with communism — as Swift, for one, tells us — but the pedantic and verbosity of communism had its root in German academia. And now it has become a

in town councils or in schools councilors or headmistresses or headmasters or teachers being hounded by groups and cabals of witch-hunters, using the most dirty and often cruel tactics. They claim their victims are racist or in some way reactionary. Again and again an appeal to higher authorities has proved the campaign was unfair. I am sure that millions of people, the rug of communism pulled out from under them, are searching frantically, and perhaps not even knowing it, for another dogma.

Political Correctness was born as communism was collapsing. I do not think this was chance.

steps, contradictions, the interpenetration of opposites — and the rest. The first time I saw that mind-deadening slogan had the power to take wing and fly far from their origins in the 1950s when I read an article in the Times of London and saw them in use. "The demo last Saturday was irrefutable proof that the concrete situation..." Words confined to the left as corralled animals had passed into general use and, with them, ideas. One might read whole articles in the conservative and liberal press that were Marxist, but the writers did not know it. But there is an aspect of this heritage that is much harder to see. Even five, six years ago, Ivestia, Pravda and a thousand other Communist papers were written in a language that seemed designed to fill up as much space as possible without saying anything. Because, of course, it was dangerous to take up positions that might have to be defended. Now all these newspapers have rediscovered the use of language. But the heritage of dead and empty language these days is to be found in academia, and particularly in some areas of sociology and psychology.

Political Correctness was born as communism was collapsing. I do not think this was chance. I am not suggesting that the torch of communism has been handed on to the Political Correctors. I am suggesting that habits of mind have been absorbed, often without knowing it. There is obviously something very attractive about talking other people into what I do. I am putting it in this nursery way rather than in more intellectual language because I see it as nursery behavior. Art — the arts generally — are always unpredictable, maverick, and tend to be, at their best, uncomfortable. Literature, in particular, has always inspired the House committees, the Zhdanovs, the fits of moralizing, but at worst persecution. It troubles me that Political Correctness does not seem to know what its exemplars and predecessors are; it troubles me more that it may know and does not care. Does Political Correctness have a good side? Yes, it does, for it makes us re-examine attitudes, and that is always useful. The trouble is that, with all popular movements, the lunatic fringe so quickly ceases to be a fringe, the tail begins to wag the dog. For every woman or man who is quietly and sensibly using the idea to

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Salisbury Is Shaken

LONDON — As Lord Salisbury was being driven to the Foreign Office yesterday afternoon (May 26) his carriage was upset in St. James's Street. He miraculously escaped with a severe shaking; but his coachman was thrown violently from the box and sustained wounds on the forehead and left shoulder. Lord Salisbury remained in the carriage until the arrival of some police and passers-by, who managed to drag His Lordship out of the top door.

1917: Pétain's Answer

PARIS — In a striking article published in the current number of the "Bulletin des Armées," the official organ of the French army, and entitled, "Why We Are Fighting," General Pétain, Commander-in-Chief, tells his troops why the war must be continued until Germany has been beaten to her knees, and the world be rid of the greatest menace to liberty it has

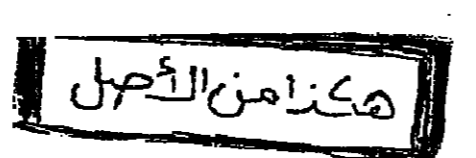
ever known. He says: "The question is almost superfluous, so many documents containing crushing proof of the guilt of our enemies as sole authors of the war having been published."

1942: Seaborne Saboteurs

NEW YORK — [From our New York edition:] The capture of eight trained German saboteurs who were landed from two U-boats within the last fifteen days on Long Island and Florida beaches, and who were carrying almost \$150,000 in American currency and a huge store of explosives, was announced last night (June 27) by J. Edgar Hoover, director of the Federal Bureau of Investigation. All eight saboteurs were in civilian clothes, aprominizing American styles. Their money was hidden in secret compartments in their travel bags and with them they had maps and plans for a two-year program, of destruction of industrial plants, railroads, waterworks and bridges stretching from New York into the Middle West.

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ECONOMIC S Rudderless i But What Ca By Per NEW YORK — The registered voters... INTEREST RATES Currency Deposits Money Rates



ECONOMIC SCENE

Rudderless in Recession, But What Can Bush Do?

By Peter Passell

NEW YORK — The numbers say the U.S. recession is over. But with the latest polls showing that 78 percent of registered voters disapprove of President George Bush's economic performance, it is plain that Americans are not listening. Why, then, is Mr. Bush the candidate...

The public's confidence that all bad things must end has been undermined.

THE OBVIOUS CONCLUSION — a hindsight special — is that the president blew it. Mr. Bush's advisers never imagined that the shallow recession would last so long, or cause such grief to white-collar suburbanites...

Miyazawa And Bush To Meet

Talks to Prepare For G-7 Summit

WASHINGTON — President George Bush will meet with Prime Minister Kiichi Miyazawa of Japan here Wednesday to discuss the summit meeting of the Group of Seven industrial nations in Munich the following week...

A pledge of economic boosting measures from other countries will help the president with his bid for re-election, a Japanese official said. The government and the ruling Liberal Democratic Party are still trying to agree on the size and timing of a supplementary budget, including tax cuts.

Manager Seeks to Buy Adidas Tapie Says Jaeggi Offers Nearly 1 Billion DM

HERZOGENDORF, Germany — René Jaeggi, management board chairman of Adidas AG, said Friday that he had offered to buy the sporting-goods company from Bernard Tapie, the flamboyant French entrepreneur who bought it with borrowed money two years ago...

DEC to Buy 10% Of Olivetti in Technology Pact

By Glenn Rifkin New York Times Service In exchange for Olivetti SpA's commitment to support its new Alpha microprocessor technology, Digital Equipment Corp. agreed Friday to buy 10 percent of Olivetti's stock over the next two years for a total of more than \$300 million...

U.S. Rule Will Let Plants Boost Pollution

By Keith Schneider New York Times Service WASHINGTON — The administration has issued a rule that will let U.S. manufacturers expand production without public notice beginning in the mid-1990s...

interfere when a company increases its pollution by up to 245 tons a year, unless states write such provisions on their own. State authorities said the rule would make it exceedingly difficult to enforce portions of the Clean Air Act designed to control urban smog...

CURRENCY RATES

Table with columns for Currency, Bid, Ask, Spread, and other market data for various international currencies.

INTEREST RATES

Table with columns for Instrument, Bid, Ask, and interest rates for various financial instruments like deposits and bonds.

Morgan Stanley Finds Profit in Tokyo's Low Tide

When Morgan Stanley obtained a seat on the Tokyo Stock Exchange in 1986 as part of its global strategy to expand investment-banking operations, Japanese stock prices were set to soar to dizzy heights...

Renewed Plunge Sets Nikkei at 6-Year Low

TOKYO — Share prices on the Tokyo Stock Exchange plunged to a six-year low Friday on continued arbitrage selling and profit-taking...

Shareholders' Revolt Liven Up Meetings

TOKYO — More than 80 percent of all listed companies held annual shareholders meetings Friday, and most in short order, as calls for resignation and charges of mismanagement sounded the public's frustration with sagging portfolios...

Toyota's Profit Reportedly Fell 36% in Year

TOKYO — Toyota Motor Corp. is expected to report a 35.5 percent drop in parent company pretax profit, to 370 billion yen (\$2.9 billion) for the business year ending June 30, a Japanese news agency reported Friday...

The sum will be the lowest unconsolidated earnings for Japan's top automaker since its sales and manufacturing divisions were merged 10 years ago...

What differentiates us from our competitors is our global business scope and diversified operations," he said. Mastery of index arbitrage has been a key to its fortunes.

index futures, is one of Morgan's most profitable businesses, Mr. Kani said. "The players that have done well in this market have brought new technology and thrown in capital," said Bradley Treadwell...

DREYFUS AMERICA FUND SICAV

Notice is hereby given to the shareholders, that the ANNUAL GENERAL MEETING of shareholders of DREYFUS AMERICA FUND will be held at the company's registered office, 2, boulevard Royal, L-2953 Luxembourg, on July 3, 1992 at 2:00 p.m. with the following agenda...

NOTICE This notice is to inform you that the Luxembourg registered holding company Deutschland Wachstum Anlage S.A.H. with its registered office at 22, boulevard Royal, Luxembourg was put into liquidation by its shareholders on December 19, 1991...

JAPAN PACIFIC FUND SICAV Luxembourg, 11, rue Aldringen R.C. Luxembourg No B 8340 Dividend Notice At the Annual General Meeting held on June 17, 1992 the shareholders resolved to declare a dividend of US\$ 0.50 per share...

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commercial Union, Citicorp, Lyons Bank.

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Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commercial Union, Citicorp, Lyons Bank.

MARKET DIARY Oil and Computers Pull Stocks Lower

NEW YORK — U.S. stocks closed slightly lower Friday amid continued concerns about second-quarter earnings, especially in the international oil and computer-related industries.

Mr. Horton's resignation increases the likelihood that BP will cut its dividend. A cut would provide further evidence of the weakness of the world oil market, traders said.

Chevron fell 1/4, to 67 1/2; Amoco slid 1/4, to 47 1/2; Mobil fell 1/4, to 61 1/2; Atlantic Richfield dropped 3/4, to 107 1/2; and British Petroleum — which had slumped Thursday — fell 1/4, to 48 1/2.

Computer stocks also dropped. The trigger was a decision by Kidder, Peabody & Co. to remove Microsoft from its "buy" list, causing concern that the industry price war was spilling over into the software sector of the market.

Microsoft fell 3/4, to 66 1/2. Among computer manufacturers, Apple Computer declined 1/4, to 44 1/2; Hewlett-Packard fell 1/4, to 68 1/2; and Sun Microsystems fell 1/4, to 22 1/2.

Digital Equipment fell 1/4, to 34 1/2, after the struggling company said it would buy a 10 percent stake in Olivetti & Co. for more than \$300 million.

Total SA was the most active Big Board issue, up 1/4 to 23 1/2. Digital Energy led the American Stock Exchange, down 1/4 to 10 1/2. Its 8 million share offering was priced at \$10 a share late Thursday. (Bloomberg, Reuters)

Against the French currency, the dollar slipped to 5.1605 francs from 5.1720 francs, while the pound dipped to \$1.8945 from \$1.8980.

Recent weak economic data have fanned speculation that the Federal Reserve may cut interest rates again soon. Investors are already looking ahead to the June employment report, due Thursday, right after the Federal Reserve's Open Market Committee meets to consider changes in short-term rates.

"Ninety percent of the people in America believe the Fed is going to ease," said a trader at Oesterreichische Länderbank.

Traders said the mild gains in May personal income and spending had little effect on the dollar. If anything, the figures provided another excuse to sell dollars.

Karen Kluge, a trader at Credit Suisse, said the figures "added a little fear that the Fed could cut rates."

Personal income rose 0.3 percent, while spending rose 0.5 percent, compared with forecasts of 0.4 percent gains for each.

In London earlier, the dollar was mostly lower on rate cut fears. It traded at 1.5343 DM, down from 1.5395 DM late Thursday, and 125.48 yen, up from 125.17 yen. (Bloomberg, Reuters)

Traders said the dollar was aided against the yen by the mark's strength against the Japanese currency, expectations of lower Japanese interest rates and crumbling Tokyo stocks.

The dollar also finished at 1.3805 Swiss francs, down from 1.3823 Swiss francs. Traders said comments by the Swiss National Bank suggesting that Swiss rates would remain high and official talk of cutting a stamp tax attracted a lot of buying interest for the Swiss currency.

The Dow Daily closing of the Dow Jones industrial average

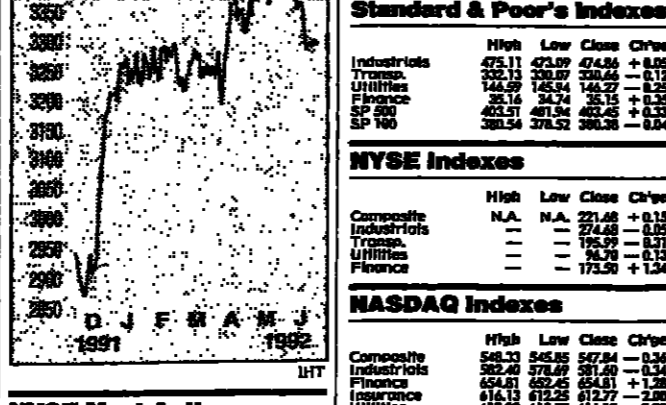


Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Actives.

Table with columns: Vol., High, Low, Last, Chg. for AMEX Most Actives.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Diary.

Table with columns: Vol., High, Low, Last, Chg. for Amex Diary.

Table with columns: Vol., High, Low, Last, Chg. for NASDAQ Diary.

EUROPEAN FUTURES

Table with columns: Close, High, Low, Prev. Close for various European futures.

Table with columns: High, Low, Close, Chg. for Standard & Poor's Indexes.

Table with columns: High, Low, Close, Chg. for NYSE Indexes.

Table with columns: High, Low, Close, Chg. for NASDAQ Indexes.

Table with columns: High, Low, Close, Chg. for AMEX Stock Index.

Table with columns: High, Low, Close, Chg. for Dow Jones Bond Averages.

Table with columns: High, Low, Close, Chg. for Market Sales.

Table with columns: Buy, Sell, Short for N.Y.S.E. Odd-Lot Trading.

Table with columns: High, Low, Close, Chg. for S&P 100 Index Options.

Table with columns: High, Low, Close, Chg. for 3-Month Eurodollars (LIFFE).

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U.S. / AT THE CLOSE

Income Up, and Spending Up More WASHINGTON (Combined Dispatches) — U.S. personal income rose 0.3 percent in May, the fourth increase in as many months but less than expected, while consumer spending rose faster, climbing by 0.5 percent, the Commerce Department said Friday.

The consensus forecast had been for both spending and income to rise 0.4 percent. Personal income increased \$14 billion, to a seasonally adjusted annual rate of \$5 trillion. The 0.3 percent rise followed increases of 0.1 percent in April, 0.4 percent in March and 1 percent in February.

Consumer spending, which accounts for two-thirds of U.S. economic activity, rose \$18.4 billion to \$4.17 trillion. (UPI, APX)

Interco Reorganization Confirmed ST. LOUIS, Missouri (Bloomberg) — A U.S. bankruptcy judge on Friday confirmed Interco Inc.'s reorganization plan nearly 18 months after the company sought protection from creditors with claims of about \$2.5 billion.

A bankruptcy counsel for Interco said the joint plan for Interco and 30 subsidiaries would pay 100 percent of the claims of medium-term noteholders and general unsecured creditors. Banks will receive 96 percent, court documents said. Interco said it expected to emerge from bankruptcy on Aug. 3.

U.S. May Take Loss on Latin Debt WASHINGTON (AP) — U.S. officials are working on an unusual program to take a loss on \$560 million in debt due from nine Western Hemisphere countries, provided their governments use some of the gains for environmental or social projects.

The administration has endorsed a plan to lower the debt burden on Brazil, Chile, Mexico, Peru, Honduras, the Dominican Republic, Jamaica, El Salvador and Panama. Together, they owe about \$1.4 billion to the Commodity Credit Corp., a U.S. government agency.

Under the terms of a bill in a House committee, the countries could buy back a total of \$550 million in debt at a lower, open-market price. Each country would be required to set aside an additional amount, in most cases 40 percent of what it paid the United States, for the special projects.

E-II Holdings Plan Meets Opposition NEW YORK (Bloomberg) — Some E-II Holdings Inc. bondholders filed a petition on Friday to force the company to seek Chapter 11 bankruptcy protection, one day after the company said it would file a prepackaged reorganization plan.

"For a variety of reasons we came to the conclusion several weeks ago that the best way, and quickest way, for this restructuring would be a Chapter 11," said Jay Goffman, a lawyer with O'Sullivan Gray & Karabel, representing the bondholders. "We gave them until yesterday to file a voluntary Chapter 11," he said.

E-II Holdings said an informal committee of bondholders had agreed to its plan, under which bondholders would receive cash, debt and virtually all of the company's equity.

Hearst and Canal Plus Alter Alliance NEW YORK (UPI) — Canal Plus, the pay-television network headquartered in France, and Hearst Corp. have decided to restructure their program partnership, with Hearst selling back stakes that it has held in two Canal Plus subsidiaries since 1989.

Hearst has agreed to sell Canal Plus its 20 percent stake in Ellipse Program, as well as its 50 percent stake in Ellipse International. Both companies produce and distribute television programs worldwide. Canal Plus will invest in distribution rights for television movies produced by Hearst Entertainment.

For the Record Globex traded a modest 1,939 contracts overnight at the opening of the automated international futures-trading system, officials of the system said. The heaviest volume was in foreign-currency futures listed by the Chicago Mercantile Exchange, one of the venture's three partners. (AP)

Germany's Tele 5 Reorganizes

HAMBURG — The German publisher Axel Springer AG and Italy's Silvio Berlusconi Communications said Friday that they had restructured the ownership of the unprofitable television channel Tele 5 and would overhaul its programs.

The new ownership structure would give Springer a 24.9 percent stake in the group, and Mr. Berlusconi's Reteitalia 33.5 percent. The Kirchgroup, owned by the entrepreneur Leo Kirch, holds a further 24.5 percent. The remaining 17.1 percent is to be sold to international partners.

The statement said the reorganization had been made possible by the sale of a 26 percent stake in Tele 5 to Springer by Tele München in cooperation with Capital Cities/ABC Inc. Springer then sold the stake on.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris, Sao Paulo, Singapore, Stockholm, Toronto, Zurich, and various regional indices.

Table of U.S. futures markets including Grains, Soybeans, Corn, Wheat, and various options.

Table of U.S. futures markets including Metals, Livestock, and Food.

Table of U.S. futures markets including Eurodollars, British Pounds, Japanese Yen, Swiss Francs, and various commodity indices.

Vertical advertisements on the right edge of the page, including BP Share On Payo, OLIVETTI, and NYSI Friday's Closing.

BP Shares Fall 14% On Payout Worries

LONDON — British Petroleum Co. shares dived 14 percent on Friday following the apparent ouster of the company's chairman and chief executive...

Serbia Sets Devaluation Of Currency

BELGRADE — Serbia will devalue its currency, the dinar, against the Deutsche mark and introduce wage and price controls to combat hyperinflation...

Michelin Expects a Big Profit

Reverses CLERMONT-FERRAND, France — Michelin, the world's biggest tiremaker, said Friday that its revenue had risen strongly in the first quarter of the year...

however, markets are recovering, and Michelin has cut costs through the elimination of 16,000 jobs. The finance director, Eric Bourdais de Charbonniere, said...

Investor's Europe

Table with columns for Frankfurt DAX, London FTSE 100 Index, Paris CAC 40 and other indices. Includes a line chart showing trends from 1990 to 1992.

OLIVETTI: DEC Buying a Stake

(Continued from first finance page) In Groupe Bull, the troubled French computer maker. But some analysts said the DEC-Olivetti deal smacked uncomfortably of Olivetti's failed liaison with American Telephone & Telegraph...

ket," the world's biggest market for business personal computers. Olivetti derives just 7 percent of its sales from North America. A further 37 percent come from Italy...

Unitas Leads Reshuffle In Finnish Insurance

HELSINKI — Unitas Oy, parent company of United Bank of Finland, on Friday announced a structural reorganization of Finnish insurance companies that will take effect at the beginning of 1994...

Treuhand Aide Quits Over Report He Helped Stasi

BERLIN — Wolfram Krause, the financial director of the Treuhand privatization agency, resigned Friday after press reports alleged he was once an informer for East Germany's secret police, known as the Stasi...

Very briefly:

- Cray Electronics Holdings PLC said it was selling Malvern Instruments Inc. a U.S. subsidiary that manufactures particle-measurement instruments...
• German plant and machinery orders fell 4 percent in May, compared with May 1991, following a 5 percent year-on-year decline in April...
• Spain's unemployment rate jumped to 17.45 percent during the first quarter of the year...

Expansion Sees Quick Deal on Business Daily

PARIS — The chairman of Groupe Expansion, Jean-Louis Servan-Schreiber, announced Friday that the publishing company's financial daily La Tribune de l'Expansion would be sold within 10 days...

Total Stock Offer Meets Heavy Demand

PARIS — The Finance Ministry said Friday that its offering of Total SA shares was heavily oversubscribed, with the 8 million share French tranche drawing 27 million applications...

Ex-Soviet Debt Is Deferred Again

FRANKFURT — A committee representing about 600 creditor banks of the former Soviet Union has agreed to a third 90-day rollover of about \$6.9 billion in principal on the republics' debt...

NYSE Friday's Closing

Table listing NYSE Friday's closing prices for various stocks including IBM, Microsoft, and others.

Table listing various international stock indices and exchange rates.

Table listing various international stock indices and exchange rates.

Table listing various international stock indices and exchange rates.

AMEX

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect bid-ask spreads.

13	High	Low	Close	Div	Yld %	PE	100	High	Low	PA	CV
30	58	55	56	0.15	3.2	16.7	250	39	37	38	200
31	60	58	59	0.15	3.2	16.7	250	39	37	38	200
32	61	59	60	0.15	3.2	16.7	250	39	37	38	200
33	62	60	61	0.15	3.2	16.7	250	39	37	38	200
34	63	61	62	0.15	3.2	16.7	250	39	37	38	200
35	64	62	63	0.15	3.2	16.7	250	39	37	38	200

12	High	Low	Close	Div	Yld %	PE	100	High	Low	PA	CV
36	65	63	64	0.15	3.2	16.7	250	39	37	38	200
37	66	64	65	0.15	3.2	16.7	250	39	37	38	200
38	67	65	66	0.15	3.2	16.7	250	39	37	38	200
39	68	66	67	0.15	3.2	16.7	250	39	37	38	200
40	69	67	68	0.15	3.2	16.7	250	39	37	38	200

NASDAQ

Friday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

13	High	Low	Close	Div	Yld %	PE	100	High	Low	PA	CV
41	70	68	69	0.15	3.2	16.7	250	39	37	38	200
42	71	69	70	0.15	3.2	16.7	250	39	37	38	200
43	72	70	71	0.15	3.2	16.7	250	39	37	38	200
44	73	71	72	0.15	3.2	16.7	250	39	37	38	200
45	74	72	73	0.15	3.2	16.7	250	39	37	38	200

46	75	73	74	0.15	3.2	16.7	250	39	37	38	200
47	76	74	75	0.15	3.2	16.7	250	39	37	38	200
48	77	75	76	0.15	3.2	16.7	250	39	37	38	200
49	78	76	77	0.15	3.2	16.7	250	39	37	38	200
50	79	77	78	0.15	3.2	16.7	250	39	37	38	200

Notes: Figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the before dividend date. For a complete description of the NASDAQ listing system, including the rules regarding the use of the year's high-low range and the calculation of the year's high-low range, please refer to the listing rules on page 13.

Dividend: Annual dividend per share.

Yield: Annual yield based on current price.

PE: Price-earnings ratio based on most recent earnings.

100: Market capitalization in billions of dollars.

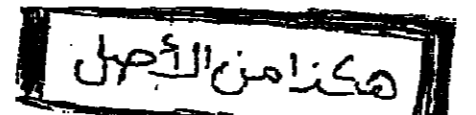
High: High bid price.

Low: Low ask price.

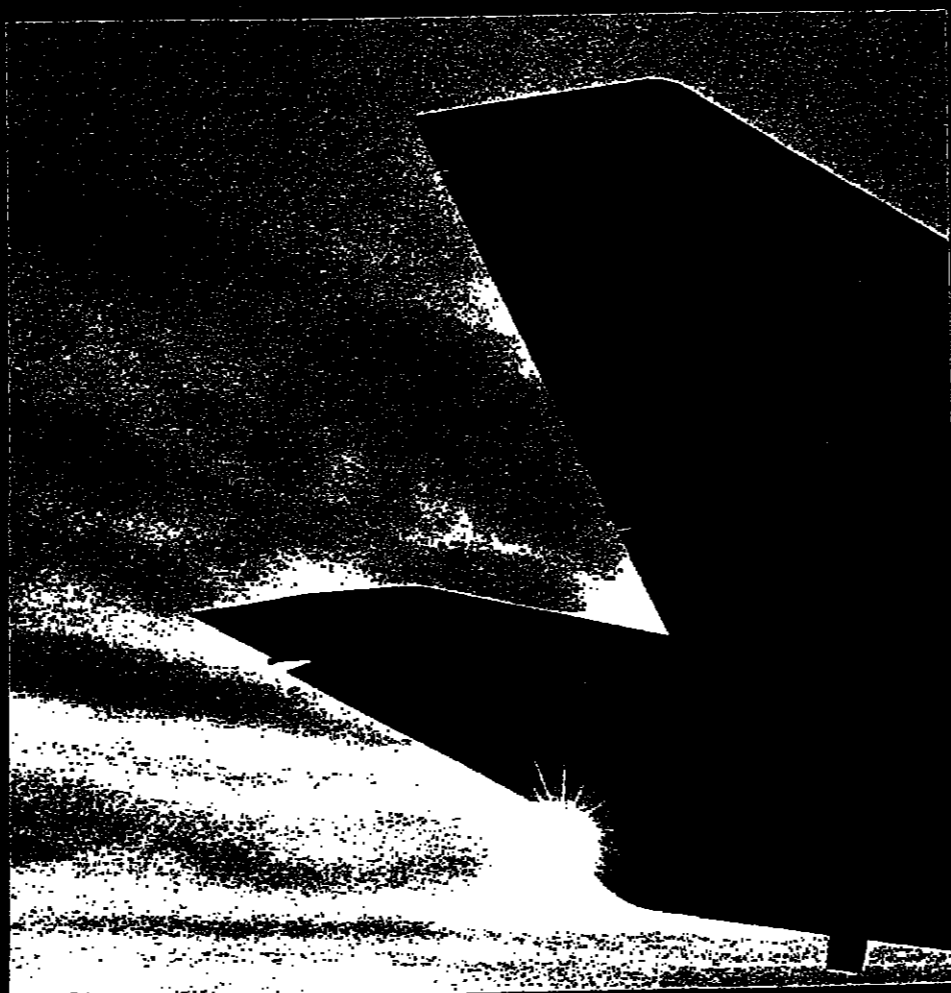
Close: Closing bid price.

PA: Previous day's closing price.

CV: Current value of shares.



هكذا من الأجرل



**The most competitive companies
leave as few questions up in the air as possible.**



**To find their answers, 90% of the world's
airlines rely on data communications networks
created by Northern Telecom.**



Technology the world calls on.

A leader in digital communications, supplying equipment in over 80 countries.

Page 5
TK
A vertical strip of text and symbols on the right edge of the page, including a barcode and various alphanumeric characters.

INTERNATIONAL Herald Tribune

To Lead Europe Forward

The French parliament has given a well-timed lift to the cause of European unity, demonstrating once again the breadth of the support for the idea. A majority of four-fifths was required to amend the constitution to accommodate the Maastricht treaty...

Time for Truth on POWs

The Pentagon knew better. Hanoi knew better. Yet in April 1973, the Nixon administration insisted it had no indication that there are any Americans alive in Indochina.

The Right Message in L.A.

The young people of South-Central Los Angeles who try to make life work are almost invisible. News about their riot-torn community leaves the impression that black and Hispanic teenagers are mostly gang members and welfare spongers.

Of Airports and Rights

Many U.S. airline travelers have encountered members of the International Society for Krishna Consciousness in terminals where they sell and distribute literature about their religion and solicit donations.

Paris and London Have Counting to Do

By Jim Hoagland

WASHINGTON — My favorite cartoon from the 1970s shows a bearded, sandal-shod street vendor loaded down with "Free Angela Davis" buttons and banners as he hears of the California radical's unexpected release from prison.

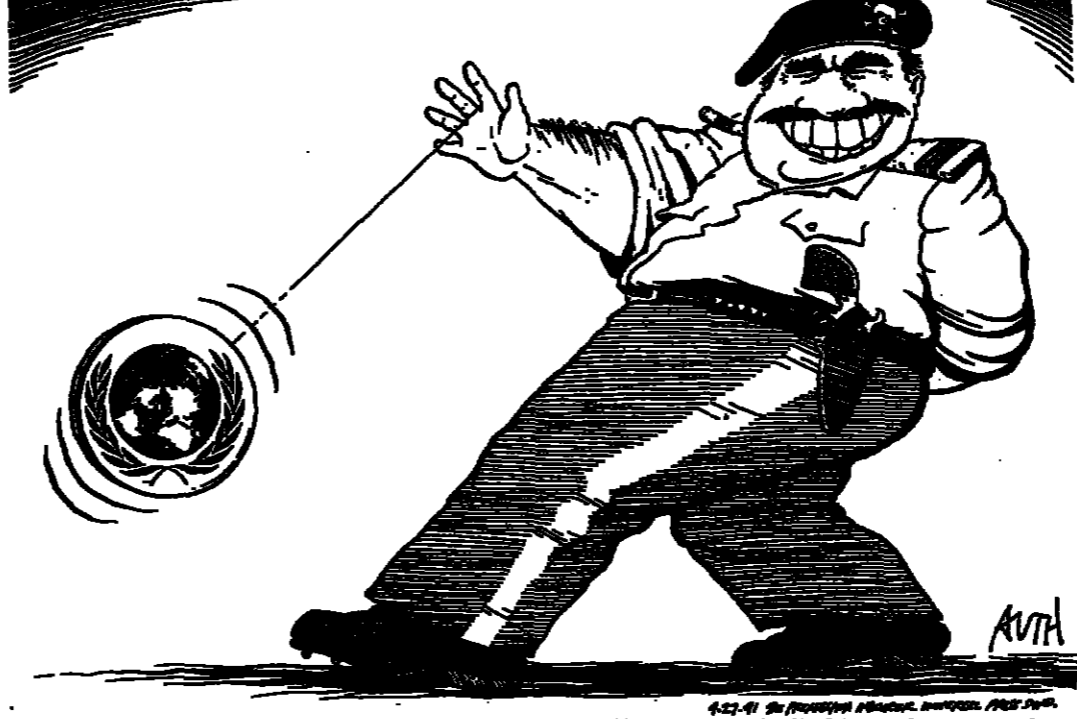
Both may face serious pressure to join the arms control game.

ing in terms of its immediate, threat-reducing effect on them. Less examined has been the important long-term effect the arms control agreement will have on Western Europe, which has lived under the shadow of the Soviet threat...

Iraq's Game Won't Fool The UN Eye

By Gary Milhollin

WASHINGTON — With little fanfare, the United Nations has dramatically increased its effort in Iraq to detect stockpiles and production sites of weapons of mass destruction still hidden by Saddam Hussein's regime in Iraq.



information about second stage or guidance system production. Egypt and Argentina, which joined with Iraq to develop the missile in the 1980s, could shed light on the program, but inspectors say they have received no help.

Put Aside America's Mideast Mistakes

By Shibley Telhami

I THACA, New York — The story of the Bush administration's "apprehension" of Iraq will not die in this election year. But claims that U.S. policy emboldened Iraq to invade Kuwait ignore the regional circumstances preceding the Gulf crisis.

The Schools Don't Run On Greed

By Louis Menand

NEW YORK — Why can't the American government be run like a business? Some people think the idea is pernicious. That a government operated with an eye on the bottom line would be oblivious to the needs of the people it is supposed to serve.

NYSE Monday's Closing

Instead of attempting reform of, say, welfare, education, public works and natural-resource management programs that had become wasteful or ineffective, the Republicans have tried to privatize them, to turn public responsibilities into profit-making opportunities for private business.

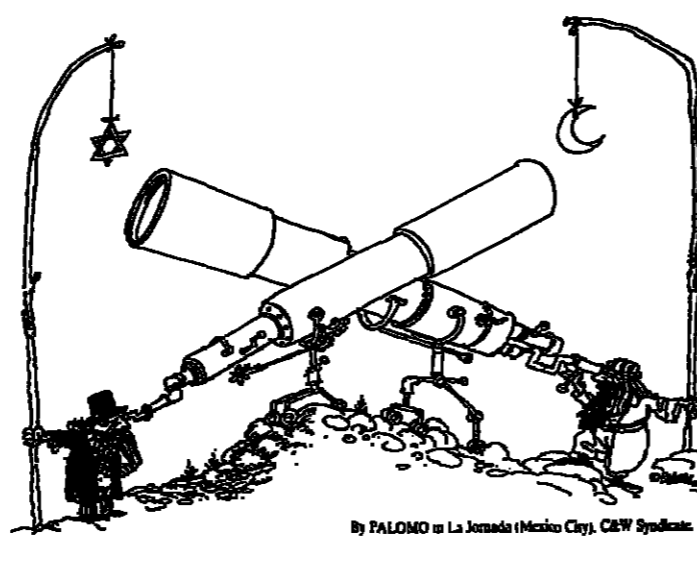
IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: A Timely Posting NEW YORK — A Washington telegram states that the formal appointment of Mr. John W. Foster, the present agent of the United States in the Behring Sea Arbitration, to the position of Secretary of State, was made by the President to-day [June 29].

1917: Greeks Sever Ties

PARIS — Greece has broken off diplomatic relations with the Central Empires and their allies. An official announcement to this effect was issued in Athens yesterday [June 29], when M. Politis, Minister of Foreign Affairs in the new Cabinet, stated that the Government had telegraphed to the diplomatic representatives of Greece in Berlin, Vienna, Sofia and Constantinople, instructing them to demand their passports and to hand over their archives to the representatives of the Dutch Government.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUEBNER, Publisher JOHN VINOCCUR, Executive Editor • WALTER WELLS, News Editor • SAMUEL ABE, KATHERINE KNORR and CHARLES MITCHELMORE, Deputy Editors • CARL GEWIRTZ, Associate Editor ROBERT J. DONAHUE, Editor of the Editorial Pages • REGINALD DALE, Economic and Financial Editor



By PALOMINO in La Jornada (Mexico City), CFW Syndicate

NYSE Monday's Closing... ESCORTS... BERCEDES... LONDON... NYSTIQUE... NATIONAL ESCORTS... BRITANTE

OPINION

The Mask Of Perot: Slipping

By William Safire

WASHINGTON — Much more is to be learned about the secret political-media power connections of Ross Perot. 1. The Rockefeller Connection. On Feb. 2, 1973, New York state's welfare department chose three data-processing companies to bid on a contract. Because Ross Perot's company had a poor record in other states, it was not selected to be a bidder. To the amazement of professionals in the field, the state welfare commissioner was summoned to the office of Governor Nelson Rockefeller to explain to Mr. Perot, who was sitting there, why his firm was not on the list. The bureaucrat apologized profusely for the "mistake," made Mr. Perot a bidder on the spot, and later awarded him contracts, despite lower bids. When a congressman and a labor leader charged corruption, Rocky had one of his stalwart appointees launch an investigation — not into the sweet Perot contract, but into the motives of those who dared complain about it. But an investigation by Benjamin Rosenthal, a House member who died in 1983, was embarrassing. A mutual friend brought the congressman to the governor's Fifth Avenue apartment for breakfast; Rocky urgently asked for a political favor; the intermediary tells me that the congressman acceded to the governor's wishes and took the heat off Mr. Perot. Why was Rocky so interested in advancing Mr. Perot's business and protecting his reputation? 2. The Roy Cohn Connection. When the Vietnam Veterans Memorial committee would not take direction from Mr. Perot, its members found themselves under a barrage of rumors about misappropriated funds. A San Antonio businessman named John Delavan Baines sought to retain Roy Cohn, then the nation's most-feared, take-no-prisoners lawyer, to investigate Mr. Perot's opponents. Mr. Baines insists to me he did this on his own, not at the behest of Mr. Perot; he says Mr. Cohn discussed the case with fellow lawyer Edward Bennett Williams, representing the memorial committee, and Mr. Cohn decided not to savage its members. But Tom Bolan, who was Mr. Cohn's trusted law partner, says as he sifts old records: "Cohn was told that the real client was Perot but that the client of record would be Baines. This I got from Roy; Perot was the guy behind it. I cannot conceive that Perot would claim that Cohn was not asked to act in his behalf." 3. The Woodward Connection. Why, some of us wondered, was The Washington Post being such a patsy for Mr.



Perot? The Wall Street Journal exposed his penchant for harassing opponents with private detectives; The New York Times' Michael Kelly revealed his shady business dealings. But the uncharacteristically docile Post went to great lengths, in a front-page article, to justify Lieutenant Perot's attempt to get out of his post-Annapolis naval hitch. As rumors circulated that The Post was paying back a longtime source for past services, editor Bob Woodward — perhaps fearful of his symbiotic relationship with Mr. Perot being exposed by a competitor — launched a pre-emptive strike: He confessed, in effect, that for at least four years Mr. Perot had been

a valued anonymous source for The Post. Of course, that was not how the story was presented. "Perot Launched Investigations of Bush" was the headline, with much made of a \$10,000 fee paid by Mr. Perot to a Democratic law firm in Washington to dig up dirt on President George Bush and his family. But buried down in the story was the lead: Mr. Perot brought the anti-Bush dossier he purchased to The Washington Post during the 1988 campaign, triggering "an extensive investigation" by reporters that led nowhere. Written more fuzzily were hints that Mr. Perot kept The Post busy with rumors about servicemen missing in action, Iran-contra

leads, "October surprise" charges and a tip from a Florida private eye that a Bush son had visited a gun smuggler. Mr. Woodward, who for 20 years has been claiming to protect "Deep Throat," claims now he was given permission to reveal "Deep Ross"; Mr. Perot's man disputes that. Journalists will debate the ethics of rattling on a source when circumstances change, but voters will want to know: What other media have been manipulated by the Perot Bureau of Investigation? What other snoops were hired to feed the press tidbits about Mr. Perot's enemies list? The New York Times.

Bush Note to Perot: Texican, and Deadly

By Marie Brenner

NEW YORK — The peculiar exchange Ross Perot and George Bush had on the subject of the president's sons was the very stuff of Texas double message-sending, potentially ominous in its implications. The feud was triggered by reports that in December 1986, Mr. Perot had warned then Vice President Bush, "one father to another," that rumor had it that the Bush boys were involved with gun-runners and Nicaraguan anti-Communist rebels. On the surface, Mr. Perot seemed to be the very picture of concern. Growing up in South Texas, I have long been accustomed to hearing this hidden code. The Texas way is to plaster on a mirthless smile, sugar-coat every word and shy away from unpleasant remarks to someone's face. The standard greeting of the state's country club set is, "Ewe look so good," applied like buckshot to the halt, the weak and the lame. Our finest modern practitioners of the silver tongue — John Connally and Robert Strauss — now have new competition in Ross Perot and George Bush. So what did it really mean in Texas parlance when Mr. Perot called the vice president to tell him that his sons were being trashed around Dallas? The answer is obvious: Mr. Perot was putting the vice president on notice, perhaps letting him know that should he not get the access he desired, he might have sources that could potentially harm Mr. Bush's kids.

Mr. Perot's "concern" for the Bush boys must have been heart-rending for George Bush. I'm sure the vice president, like any devoted father, was eternally grateful for a call that insulated his children on the basis of unsubstantiated rumors. I am also sure that Mr. Bush, a consummate Houston smoothie, saw right through Mr. Perot's hardscrabble effort. His response was equally camouflaged. His letter to Mr. Perot was subtle, very Texas — and leaves no doubt in the mind of any Lone Star State native about how annoyed he truly was. Let's analyze. First, the fact of the letter itself. Mr. Bush would not have wanted to defend his children in writing unless he was sending Mr. Perot a powerful message: A phone call would have done. But the vice president chose to write a note, in perfect penmanship, on Christmas Eve. He spared no hyperbole, telling Mr. Perot it was the time to "count one's blessings." I can imagine his deep rage at having to defend his sons to the bossy Dallas billionaire. "My kids... are all straight arrows, uninvolved in intrigue and yet the rumor mill links them; and Ross it hurts 'em — You understood all this — What counts in life are honor, family and friends..." How many times did George Bush turn to Barbara and say, "This will fix the little SOB." The message was pure Texas: I am the vice president, you are the petitioner. Buzz off, Ross. The writer, special correspondent of Vanity Fair magazine, contributed this comment to The New York Times.

In Germany, Confronting the Past

By Robert B. Goldman

NEW YORK — The 20-year-old came over to my wife and me to shake hands. "Are you the Jews?" she asked, adding, "I have never met a Jew." It was at the end of a meeting of the German *Katholikentag* in Karlsruhe. The session was attended by about 2,000 of the more than 40,000 German Catholics who had come together for this biannual event. Its theme: "Christians and Jews — Can There Be a Reconciliation?" Of some 1,400 events, spread over four days and listed in a 375-page catalogue, 30 took place under the heading "Jewish Study Hall." This writer had been invited to discuss, on the basis of professional experience in America, methods of combating discrimination against foreigners or others who "don't fit in." The Holocaust and its consequences for postwar Germans was a pervasive theme. That I had fled Germany in 1939, after Kristallnacht, and now found myself sought out to help Germans counter discrimination was a closing of the circle that escaped none of those with whom I came in touch. From teenagers to the elderly, people

had spent the war years hidden in Europe, two Christian German laymen and a 21-year-old German student. "How was it possible?" the two laymen kept asking, as they recounted what they had learned after the war. "People like you and me..." Said one, "Neighbors of many years did nothing as Jews were herded together for deportation and death." The other, a jurist from Bavaria, spoke with the passion of despair about files he had read, and of witnesses he had interrogated as a young prosecutor. He warned the audience that he was about to tell something gruesome, but felt the need to tell it because it was forever engraved in his mind: An order had been

issued to kill all Jewish children under three by smashing their heads against doorposts in order to save ammunition. At one point, the moderator asked: "Are there any Jews in the audience?" My wife's and mine were the only hands up among those 2,000 people. It was a bewildering experience, after living for many years in New York City. The two Catholic laymen, both of the postwar generation, soon found that their 21-year-old fellow panelist, a woman who had gone through some disturbing experiences with Jews on a visit to New York, demurred. "I cannot accept guilt for what happened in those days," she said. During her New York trip, she recounted, an orthodox Jew had angrily reproached one of her fellow visitors for not wearing a kippah (the head-covering required in conservative and orthodox Jewish houses of worship). And the Jew had thrown in a few nasty comments about Germany and Germans for good measure. "But can't you understand that?" asked one of the older German panel members, with a note of impatience. But the Jewish panelist came to the aid of the student, who seemed stunned. He distinguished between guilt and remembrance. "Neither you nor anyone of your generation can be held or should feel guilty," he said. "What you can be expected to do is learn and remember. By remembering we sensitize ourselves; not only to prevent a recurrence, but against the prejudice and hate that led to the Holocaust." The tension eased. The meeting was followed by a ceremony on the theme of atonement and reconciliation. There was a service for the tens of millions of Europeans victimized by the Nazis, and prayers were said for the exterminated Jews and Gypsies. A children's choir sang a psalm in the original Hebrew. It was a service to which, on this Friday night, I felt I belonged. Denomination matters little when the meaning of the kaddish, the Jewish prayer for the dead, is conveyed. The archbishop of the diocese, the papal nuncio, the prime minister of Baden-Württemberg and other regional and national leaders were there. For me, what spoke louder than any of them was "the small voice" of conscience that the Yom Kippur services mentions repeatedly. It was the voice of that 20-year-old girl asking: "Sind Sie die Juden?" (the two of the 2,000). We shook hands for a long time and looked into each other's eyes. Each of us knew what this encounter meant, and that it had to become part of remembrance. International Herald Tribune.

LETTERS TO THE EDITOR

Time to Pay the Price

Regarding "It's Simple: Raise the Price of Gasoline" (Opinion, June 19): Other than political resistance, there is another obstacle to J. Robinson West's "simple" solution of an increase in gasoline taxes. The only alternatives to automobile transport in the United States now are pathetically inadequate bus and rail systems. Is it not time for a viable solution embracing all aspects of the problem? Why not a gradual raise in gasoline prices to correspond with, and pay for, increased investment in public transit and alternative energy research. ANDREW SULLIVAN, Dortmund, Germany.

local civic activities? City sports clubs could run their own neighborhood physical fitness and aerobics classes, as many suburban country clubs do. DAVID DICHTER, Geneva.

Chair-Throwing, Anyone?

The photo on the front page of your June 19 issue showing a soccer fan in a position of almost classic grace, about to throw a chair, gives one ideas. Why not start chair-throwing teams worldwide? There seem to be thousands of young men in excellent physical condition, with exactly the right mind-set, who are willing to travel and could start immediately. Think of the commercial possibilities: chair-throwing shoes, helmets, body padding. Think of all the new jobs. Of the chair manufacturers anxious to have their products represented. Foot stools and high-chairs for the little league. Deck chairs and rocking chairs for the senior league. J. WALWORTH, Paris.

But Channel Fares Are Up

Regarding the report "Channel Ferry Operators Find Life at the End of the Tunnel" (June 19): The article does not inform readers that both P&O and Sealink have seen fit to raise their Dover/Calais car and passenger tariffs by more than 30 percent this year. It is time that the British government established a regulatory body to protect the public against such prices. KEVIN SHILLETTO, London.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unaddressed manuscripts.

Advertisement for B.A.A.Z. Heathrow Tax Free Shopping. Features a list of luxury brands: Aquascutum, Burberry, Cartier, Christian Dior, Cross, Dunhill, Etienne Aigner, Gucci, Givenchy, Hermes, Liberty, Mont Blanc, Mulberry, Omega, Parker, Tag Heuer, Yves St Laurent. Text: "Exclusive names. Exclusive of tax. At Harrods, Terminals 3 & 4. B.A.A.Z. Heathrow TAX FREE SHOPPING. Products subject to availability. You may be subject to various taxes, including duty, at your final destination."

Advertisement for HOVIONE and BANCO ESPIRITO SANTO. Features an image of a hummingbird. Text: "The will to do it. The technology to overcome pollution is difficult and costly, but not impossible. At Hovione, our efforts to solve the problem of industrial waste have been recognized by the EC's European Better Environment Award for Industry. Our winning entry integrates process optimization and recycling into the production of bulk pharmaceuticals. Waste is minimized and pollution virtually eliminated. Financing for this award-winning project was provided by Banco Espírito Santo. All it takes is the will to do it. HOVIONE The Greenycle company Portugal. BANCO ESPIRITO SANTO E COMERCIAL DE LISBOA. Image of an industrial facility at the bottom."/>

ALGERIA: President Is Slain

(Continued from page 1)

tion Front, or FIS in French, the largest Muslim fundamentalist party that came close to winning in the parliamentary annulled elections, was responsible for the assassination.

"It is the FIS," said a senior official.

He said he expected that the army would respond with a new wave of arrests of activists from the Salvation Front. "This time they are going to detention camps and they are staying there, forever," the official said.

Mr. Boudiaf had worked assiduously to raise his profile among the public, particularly the young, by taking a strong anti-fundamentalist posture coupled with a strong attack against corruption in government by former and present officials.

There was speculation that fundamentalist opponents of the regime succeeded in recruiting elements within the army for the assassination, although no independent confirmation of this could be obtained from officials.

The killing followed the start of a major trial of the two top leaders of the Front, Abassi Madani 61, and Ali Belhadj, 35, which began Saturday but was postponed until July 12. Lawyers for the two men argued that the military court had no jurisdiction to try them. In pamphlets widely distributed in cities, many of their supporters vowed vengeance if the trial went through.

The killing is certain to freeze Algeria's economic reforms, which were proceeding slowly given the security concerns in the tense and impoverished country.

The assassination is certain to set back the government's halting progress in attracting foreign invest-

RELIC: End of the Line?

(Continued from page 1)

loses both railroad lines, there will be little economic reason for its existence. He sees the government's determination to shut down the Trochita as just another sign of its lack of concern for development beyond the capital.

"There is no one in Buenos Aires who talks of serious development in the interior of the country," Mr. Bujarysqi said. "To them, we don't exist."

About the only hope he holds out is that investors will be persuaded that the Trochita has historical and tourist value. In the summer months, one stationmaster said, three out of four passengers are tourists, eager to ride the line before it dies.

"We think that is the only way to save the railroad," Mr. Bujarysqi said, speaking of the tourists. "This is one of the most unique train rides in the world in one of the most unique places in the world. People are always awed by Patagonia."



A policeman in Cape Town squirting tear gas Monday before arresting a man demonstrating against the June 17 killings in Boipatong.

FUNERAL: As Boipatong Buries 38 Victims, Speakers Vilify de Klerk

(Continued from page 1)

confessed during a private meeting May 15 with Nelson Mandela, the ANC president, that he had "no power over these policemen." Mr. de Klerk's office had no comment on Mr. Ramaphosa remarks.

Mr. Ramaphosa charged that Mr. de Klerk's police force was "guilty of murder" and that the president was either incompetent or "totally useless." In either case, he said, "he must go."

Boipatong, about 72 kilometers (45 miles) south of Johannesburg, has become the symbol of a national tragedy and a watershed in renewed black resistance to the white government. The ANC declared Monday a day of national mourning, and Mr. de Klerk called upon employers to allow workers to attend the funeral.

A sense of the rising township anger and renewed militancy was conveyed at the cemetery where the 38 victims were buried. Youths danced and sang war songs around the graves, some of them brandishing shotguns, AK-47 automatic rifles and Makarov pistols, and shooting randomly in the air.

The police kept a low profile, manning roadblocks outside Boipatong but not trying to disarm anyone at the cemetery.

Chief among the foreign dignitaries was Governor L. Douglas Wilder of Virginia, a black American who was given the seat of honor on the dais. He did not speak, but a message from Coretta Scott King, widow of the Reverend Martin Luther King, the U.S. civil rights leader, was read to the crowd.

The gathering was then led in an abbreviated rendition of "We Shall Overcome."

COURT: Abortion Upheld

(Continued from page 1)

personal courage and constitutional principle."

He recalled his warning three years ago in Webster that the court was poised to "cast into darkness the hopes and visions" of millions of women who believed that they enjoyed the right to abortion.

"All that remained between the promise of Roe and the darkness of the plurality was a single, flickering flame," Justice Blackmun wrote. "But now, just when so many expected the darkness to fall, the flame has grown bright."

Justice Blackmun ended with a striking personal reference that underscored his commitment to abortion rights and the degree to which Roe has become his legacy on the court.

"I am 83 years old," he said. "I cannot remain on this court forever, and when I do step down, the confirmation process for my successor will focus on the issue before us today. That, I regret, may be exactly where the choice between the two worlds will be made."

Legislation Expected

The speaker of the House, Thomas S. Foley, predicted that Congress would pass legislation to enact an unadulterated version of the 1973 ruling into law. The Associated Press reported from Washington. But he conceded that supporters lacked the two-thirds majority needed to overturn a veto by President George Bush, who opposes abortion.

Abortion opponents are expected to press the 50 states to enact stronger restrictions on women seeking abortions.

Abortion rights advocates sharply attacked the ruling.

Some opponents of abortion expressed bitter disappointment that the court did not ban abortion outright, while others said the ruling was a step in the right direction.

"This is an insulting, patronizing and condescending decision," said Becky Cain, president of the League of Women Voters of the United States. "The decision sets a frightening precedent for constitutionally protected rights to privacy in general."

James Bopp Jr., general counsel for National Right to Life, said: "It's a major loss to have a fundamental right to abortion upheld by the court. This court has given us very little hope that anything can be done about abortion on demand."

Kitty Kolbert of the Center for Reproductive Law, said: "We are much worse off than we have been in the past. States have been permitted to put roadblocks in the road of women."

Clinton And Perot Chime In

The Associated Press

LITTLE ROCK, Arkansas — The Supreme Court ruling on abortion seemed certain to keep the issue alive in the presidential campaign, and candidates wasted little time Monday staking out their territory.

President George Bush's two presidential rivals reaffirmed their support for abortion rights. Governor Bill Clinton of Arkansas, the likely Democratic nominee, declared that "only the next election can preserve" those rights.

Mr. Bush said he was pleased with the ruling, which gave states broad new powers to restrict abortion. Mr. Bush said the high court had upheld "reasonable restrictions on abortion" and reiterated his opposition to abortion in all cases except rape, incest or those threatening the life of the mother.

Ross Perot, the unpledged independent candidate, said that he respected the law as interpreted by the court but that he believed that abortion should be left up to the woman to decide.

"Personally, my position has been and remains that basically this difficult decision should be a woman's choice," he said. Mr. Perot has said he favors restrictions including a parental consent provision for teenagers.

As Mr. Clinton sought to make the court's decision a key issue in the presidential race, the Bush campaign suggested just the opposite.

"It is not an overriding issue for most people," said Tom Clark, a Bush campaign spokesman. "I really believe that in the long run, the effect is going to be minimal."

Republicans who favor abortion rights quickly took issue with the Bush campaign's interpretation.

"The focus will be clearly on the presidential race because Bush might choose another justice who will take us the rest of the way down the road to overturn Roe v. Wade," said Ann Stone, the leader of a Republican group that favors abortion rights.

Mr. Clinton said the court's 5-to-4 vote showed that one more court appointment could allow Mr. Bush to attain his goal of having the high court reverse the 1973 landmark Roe v. Wade decision.

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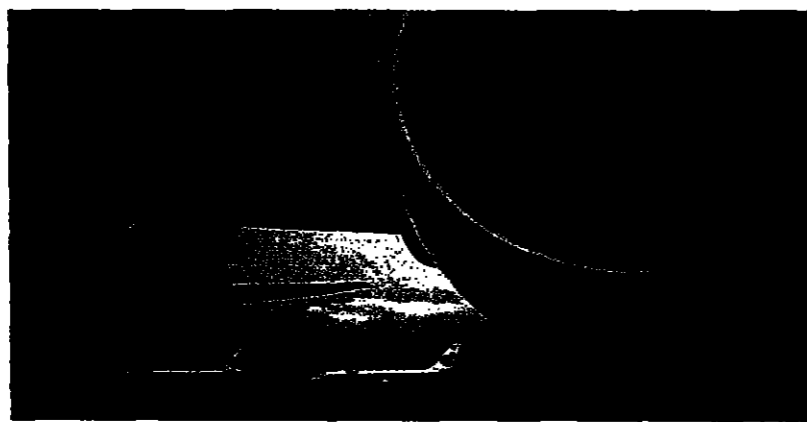
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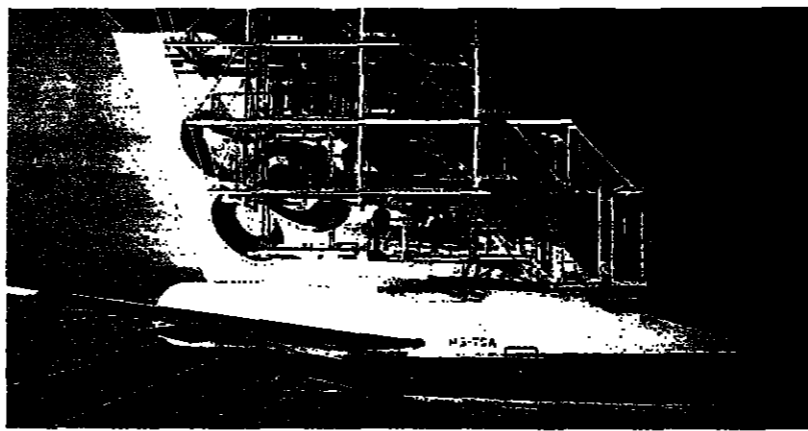
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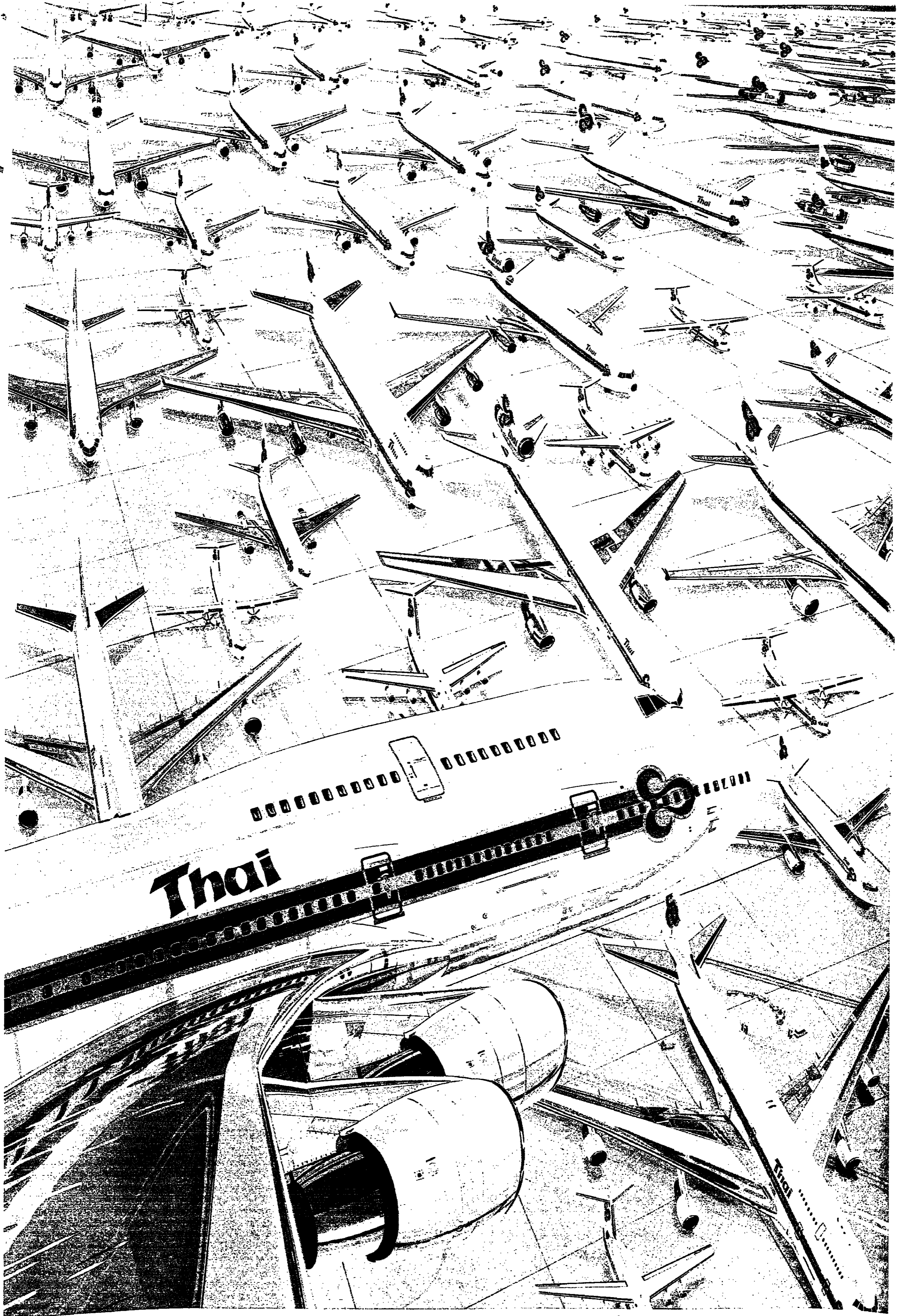
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Style

The Easygoing Approach Of Cruise Collections

By Suzy Menkes
 International Herald Tribune

PARIS — Cruise collections are not for lolling about in boats, but they are for taking it easy. Designers whose signature lines are often dramatic or fancy have a more relaxed approach to between-seasons shows. The clothes are sporty and simple but sophisticated — a breath of designer fresh air.

"And it really is a selling collection, there is nothing that isn't sold and made," says Sonia Rykiel, who has been doing a cruise line for six years. That statement, which might surprise people outside the fashion business, underlines the fact that the big Paris ready-to-wear shows are often designed for image-making, whereas other lines that are scarcely publicized are destined for the stores.

The cruise shows are presented in June, often only to buyers, for delivery in November. They originated in the United States where a winter sunshine holiday is not just for an affluent elite. But they are really meant as a first taste of spring clothes and something to make customers salivate while the fall clothes (delivered in July) are on the markdown racks.

Fashion is moving the way of food: fast, short order, not too complicated and with basic ingredients given a sprinkle of spice. With a nod to the cruise concept, designers have been showing brisk navy and white outfits in their cruise collections, a lot of pants and casual knits. But each is really boiling down the signature house style to produce an identifiable capsule collection. Most of the major Paris names have now shown, although Ungaro and Thierry Mugler are presenting this week.

Why do the cruise clothes often seem more desirable and more accessible than the main collection? Prices are not cheap, for these are not secondary, lower-priced lines. But the dramatic fashion statements are softened. This is especially evident with the longer hemlines, which perturbed the buying public at the international collections in March. The cruise shows endorsed the new length, but in a more relaxed way — a mid-calf skirt unbuttoned over pants or skinny skirts that just covered the knee in stretch knit. And because the lines are presented quietly in the showrooms rather than on stages of the supermodels, they look the way they will be worn in real life.

"Cruise is the only time we can show like this without boring everyone to death," said Karl Lagerfeld of a collection that was presented in the mirrored Chanel couture salon. The show opened with cashmere-sweater sets in delectable mixes of color — coral and lagoon blue, rose pink with sky blue, peach with nectarine. In keeping with the spirit of the 1990s, these luxurious knits in elongated proportions were shown with simple white pants or with knitted skirts flipping out just below the knee. This turned out to be an important line, making a practical but potentially dowdy skirt-length look fun.

Lagerfeld broke up the long, lean silhouette using a lot of horizontal stripes or even a series of ruffles. Graphic black-and-white effects included the letters of Chanel as calligraphy on swimsuits or bodysuits. The attenuated silhouette was sliced by other tricks: a

trompe l'oeil dress with a dark skirt and light bodice; rather than a matched-up suit, a pastel tweed jacket would go over shorts or pants.

The over-the-knee skirts looked best in the skinny-rib knits, although pleated silk shirtdresses or deck-chair-striped voile made a graceful alternative.

Gianfranco Ferré calls his Dior cruise line "easy garments — to play with and to work with ones that you already have in your wardrobe."

Those Dior cruise clothes included slim-line knits in brisk navy and white, say a tunic lit up with gilt buttons over a narrow skirt, or a long skinny dress decorated with gilded rope embroideries. The line was narrow, but sporty rather than constricting, with either pantsuits or a jacket cut like a shirt. As in all the cruise lines, there was a jeans look, of a fancy kind. Ferré's was in surf-white denim sprinkled with pirate's gold.

"But nothing complicated," says Ferré. "They are all separate pieces that are fresh, clean and smart — something to buy just for pleasure."

Christian Lacroix's cruise collection was as big and bold as his main line, but it offered a departure: jeans and sportswear. That had a feminine feel, but came in tough basic fabrics rather than the luxury materials for which Lacroix has a penchant. Half of the 68-piece collection was on the sporty side, although that might mean denim printed with flowers or teased into a curly sundress suspended from overall straps or criss-crossed with gilded lacing.

SHAPES were simple — easy tunic tops and soft shirt-jackets that came both in patterned knits and in original fabrics, from Provencal flowers in subtle shades to paint-splash spots and stripes. The mixes of print were harmonious rather than audacious, but colors were mostly sunny-side up. There was also lightweight tailoring, using navy and white to outline the curves of the body with inset panels or trompe l'oeil jackets and vests.

As in all the cruise lines, there were short lengths — either brief hemlines or more often shorts — as well as long. The mix is in the proportions. Lacroix took evening styles seriously with flirty dresses in plaid taffeta and curly knit or brocade suits sprouting a carnation motif that was a theme of the show. But since cruise is for ease, the simple evening look was a boned bustier curved to the body above a plain pair of jeans.

Sonia Rykiel's show was about pants wide or narrow, worn with long, lean tunics or with a short, shrunken poor-boy sweater that the designer admitted was a rerun of the knit that launched her fashion career in the 1960s. To ease women into longer lengths, she showed apron dresses, tunics or button-through skirts over narrow pants, with each piece designed to work on its own as well as in layers. As always with Rykiel, black is a staple color, but there were also cheery vertical stripes in strong van Gogh colors, an undulating horizontal stripe like waves on the sea, and gingham checks that made cheery sportswear.

"There is not a crisis in fashion but there is a change," says Rykiel. "You have to take a lot of trouble to get the shape and the line right. Women who buy basic Rykiel outfits still want to play with a range of colors and accessories. It's basic fashion — but with humor, joy and spirit."



op, Lacroix's dark-green denim bustier with mid-calf skirt and Gianfranco Ferré's long-line navy-and-white knits for Dior; above, Chanel's camellia-trimmed knit and over-the-knee skirt with flip at hem and Sonia Rykiel's gingham check top and shorts with matching accessories.

MILAN MENSWEAR

Macho to 'Ecolo,' Designers Go Green

International Herald Tribune

MILAN — Italian men are going from macho to "ecolo." Going green is the big story for next summer. An ecological spirit rules colors and fabrics. These first shows for men's fashion in 1993 prove how much has changed in the new decade that has swept away the bravura yuppie style.

The suit now comes as a separate jacket in linen as rough as an old stone wall, with the pants smoother in texture like a pebble. Or the trousers might be as loose as pajamas with a floppy shirt to match. A vest will be knotted silk or woven raffia. And when the colors are not bleached sand or baked mud, they are a clear ozone blue.

Designers in Milan, where the shows opened Monday, seem to be thinking not just of fashion's future, but of the planet's. It is part of a reflective mood in Italian fashion, which last week in Florence celebrated the postwar birth of the industry 40 years ago.

Conservation and ecology are not just men's fashion's new buzzwords — they have been woven into the clothing. Vittorio Solbiati, Italy's King Linen, transmitted the message as he viewed the new range of "Eowear" — suits in pure linen dyed with spinach and saffron — in the Hilton showroom Monday. "We have been working on special treatments that use no chemicals," he said.

Fashion that is good for you can also be good for business. The early shows all suggest a change in the male wardrobe toward easier, unconstructed clothes that are different from the familiar, active sportswear. Krizia's show opened with the three-buttoned single-breasted suit that is the current classic. But that relatively formal look soon melted into something loose and easy: slicking-stripped rough-weave linen suits with matching collarless shirts. A vest was worn sloppy, open over a big shirt, and although jeans came in the colored denim that are a hot new look, they were also made in woven raffia. Krizia's designer, Mariuccia Mandelli, has always made wildlife a symbol, so sweaters were patterned with prowling leopards and soft suede separates sent menswear on safari.

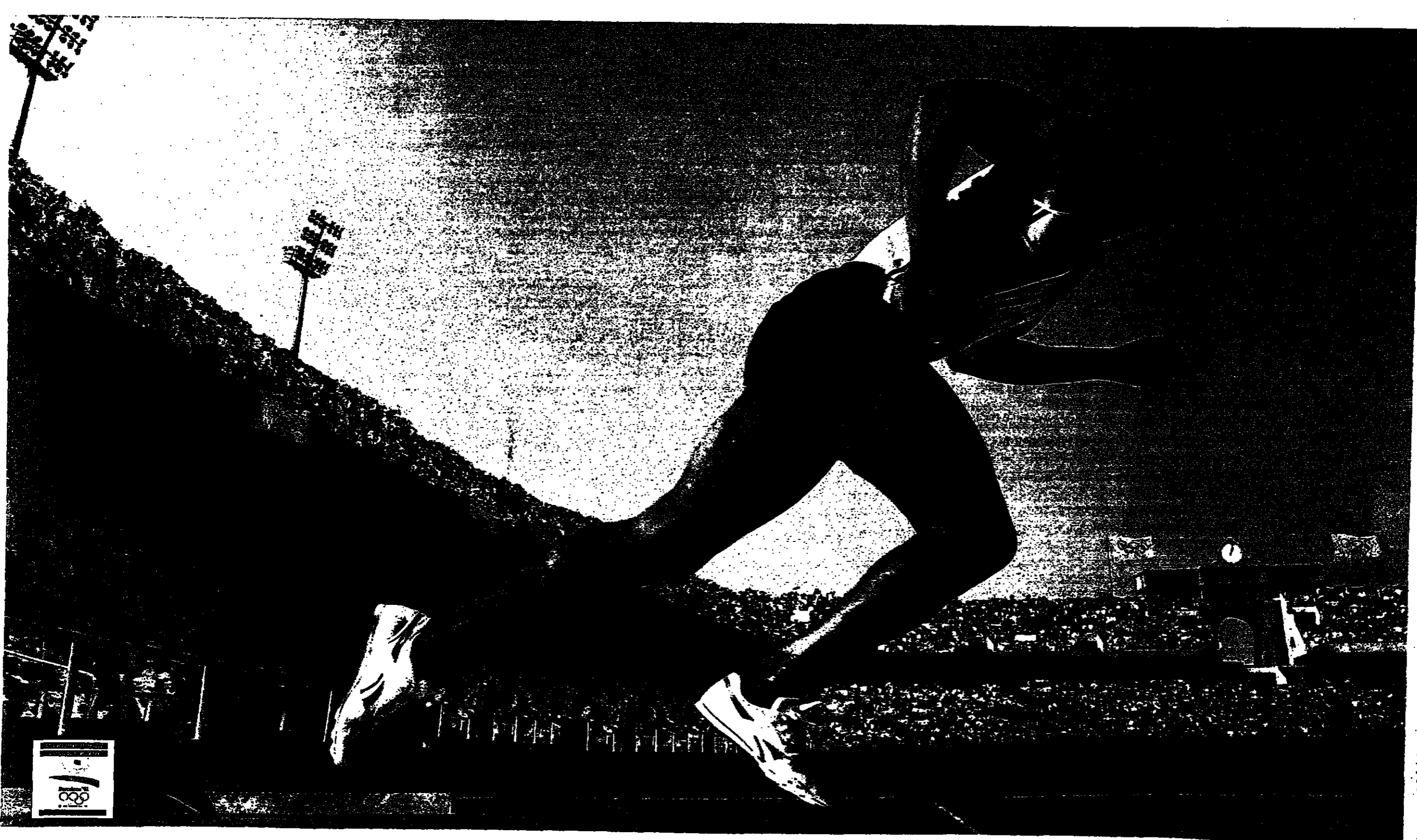
ALL the buyers for major American stores are already in town, including Burton Tansky and his team from Bergdorf Goodman, Kalman Ruttenstein of Bloomingdale's and Stan Tucker of Saks Fifth Avenue, who said that he was struck by the range of colors in Florence. Rick Recker of Bergdorf summed up what buyers look for in menswear when he praised the collection of Anthony Tarassi. "It has a point of view, refreshing and spirited, wearable but with new touches — but not outrageous," he said.

Tarassi, an Italian raised in California, caught the modern mood with his easy shapes — including a loose jacket based on Manisse's artist's smock — and his rugged natural fabrics like silk knit and raffia. To the simple sportswear he added touches of humor and whimsy (rare for Italian fashion) like a slither of gingham check to edge jacket pockets or pasta shapes embroidered on sweaters.

Italian menswear is also about nice clothes for the stores. Canali had the regular three-button jacket and pleat-front pants artfully displayed in groups of color; all the beiges from putty to mud; all the blues from ocean shallows and depths; buttery yellow through peach to terra-cotta.

Iceberg's new jeans line came in pistachio colors — mint green, lemon yellow and peach — that were intended to challenge blue denim. But the theme of the sportswear line was green. "Don't destroy the planet" messages were printed with witty graphics on funky neckties and even on glazed leather. Tactile jackets came in mixes of silk and linen in the clear blue of an unpolluted sky and with a label on the pocket. It read "ozone."

Suzy Menkes



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INTERNATIONAL STOCKS

A Slow-Start, Shanghai, Now Aims for Past Glory

By David Schlesinger

SHANGHAI — This city has suffered from an inferiority complex ever since the stock exchange that was Asia's finest before the 1949 Communist revolution reopened for trading in 1990. Overshadowed by the bourse in Shenzhen, across the border from the British colony of Hong Kong, Shanghai has moved slowly to list companies and attract overseas interest.

No longer, Shanghai is poised to quintuple the number of listings available to local investors by the end of the year and open up 13 more stocks to foreigners, compared with just one now.

"Shanghai is set to take off. It's very exciting here now," said B.Y. Wong, China division senior manager for stockbrokers Ong & Co. (H.K.).

"It seems Shanghai compared to Shenzhen has more potential. They are definitely going on the right track at the moment," Mr. Wong said.

Stock exchange officials said 34 companies were lined up for imminent listing approval, dozens of others set to follow and there are plans to open membership in the exchange to brokers from throughout China. "From the point of view of the future, Shanghai may well have more influence on the nation," said Xue Jun, an economist in the trading department.

Outsiders are sometimes less restrained. "Some foreign investors thought Shanghai was boring, but most of them now realize Shanghai will be more important and even more international than Shenzhen," said a Hong Kong analyst who studies both markets. "It's not just the number but the type of companies."

Shenzhen offers stakes in companies similar to those in Hong Kong: small and medium-sized, export-oriented light industrial concerns.

SHANGHAI is bringing to market companies befitting China's premier industrial city: a petrochemical complex, an export processing zone and textile machinery makers among others.

"In many ways Shenzhen is a satellite of Hong Kong. They structure their deals for the Hong Kong players, the participants are mostly from Hong Kong and there's a daily back-and-forth that connects the two completely," said a lawyer who has advised listed companies in both markets.

"Shanghai is different. It has the potential to be a real national market. The companies are weightier, the participants have a different view," the lawyer said.

The 13 shares Shanghai is now bringing to market for foreigners, including China First Pencil Co., which announced a flotation Monday, will together raise some \$700 million. Brokers expect at least one new listing a week during July and August.

Two of the issues now being finalized will be the biggest ever in China. Shanghai Chloro-Alkali, a major petrochemical producer, will raise \$200 million from its issue to foreigners, analysts said. Shanghai Tire & Rubber Corp., which supplies China's most successful joint-venture automaker, will raise almost the same amount. Shanghai's sense of timing means its new listings have caught the edge of the West's "China fever."

Foreign investors have jumped on the bandwagon. Brokers estimated that \$1 billion has been raised for public and private China funds. Only a tiny fraction has been committed to the market, with the rest likely to take up new issues. [On Monday, for instance, the Hong Kong investment company Allied Group Ltd said it planned to increase its investment in China to around \$520 million from \$140 million now, Bloomberg Business News reported from Hong Kong.]

Trading is sure to get more hectic. By the end of the year Shanghai will expand to 82 members from 29 now, spreading opportunities for trading to almost every province in China.

Analysts worry the bourse will not be able to keep up with the breakneck pace. Officials hope to have a bigger computer system ready by the end of next month to deal with the strain of new listings, but trained personnel are still in short supply.

CURRENCY RATES

Cross Rates	June 29
Australia	1.71
Canada	0.75
France	1.66
Germany	1.36
Hong Kong	7.76
India	15.54
Italy	1.37
Japan	145.26
Netherlands	1.82
Switzerland	1.48
Taiwan	20.47
UK	1.52

Source: Reuters, Deutsche Bank, Citicorp, etc. Rates as of 5:30 p.m. EDT. For more rates, see page 11.

Other Dollar Values

Currency	Par \$	June 29
Australian dollar	0.72	0.75
Canadian dollar	0.75	0.75
French franc	6.55	6.55
German mark	1.36	1.36
Hong Kong dollar	7.76	7.76
Indian rupee	15.54	15.54
Italian lire	1,370	1,370
Japanese yen	145.26	145.26
Netherlands guilder	1.82	1.82
Swiss franc	1.48	1.48
Taiwan dollar	20.47	20.47
UK pound	1.52	1.52

Source: Reuters, Deutsche Bank, Citicorp, etc. Rates as of 5:30 p.m. EDT. For more rates, see page 11.

INTEREST RATES

Eurocurrency Deposits	June 29
3-month	6.75%
6-month	6.87%
12-month	7.00%
1-year	7.12%

Source: Reuters, Deutsche Bank, Citicorp, etc. Rates as of 5:30 p.m. EDT. For more rates, see page 11.

Key Money Rates

Instrument	Rate
3-month CD	7.12%
6-month CD	7.25%
1-year CD	7.38%
3-month T-bill	6.50%
6-month T-bill	6.62%
1-year T-bill	6.75%

Source: Reuters, Deutsche Bank, Citicorp, etc. Rates as of 5:30 p.m. EDT. For more rates, see page 11.

Asian Dollar Deposits

Instrument	Rate
3-month	6.50%
6-month	6.62%
12-month	6.75%
1-year	6.87%

Source: Reuters, Deutsche Bank, Citicorp, etc. Rates as of 5:30 p.m. EDT. For more rates, see page 11.

Miyazawa Pledge: Form or Substance?

By Steven Brull
International Herald Tribune

TOKYO — As Prime Minister Kiichi Miyazawa departs Tuesday for meetings with President George Bush and other leaders before the summit meeting of leading industrial nations in Munich, he will be honoring the Japanese tradition of bearing gifts.

In this case, Mr. Miyazawa carries with him a strong assurance that his government will apply a hefty dose of fiscal stimulus to Japan's languid economy.

Also in accord with Japanese tradition, appearances will be far more important than substance.

The fiscal stimulus program announced by the governing Liberal Democratic Party over the weekend was designed to smooth Mr. Miyazawa's dealings with other leaders at the meetings by signaling an intention to take strong action to prevent a deeper and more prolonged Japanese recession.

But the proposal is by no means a done deal. It stopped short of specifying the size of the supplementary budget, leaving open the possibility that the actual amount would be lower than hinted at.

Moreover, even if Japan's ruling party gets as much as it would like, the additional spending would do little to help Western economies through expanded Japanese imports.

"The immediate effects are very small," said Robert Alan Feldman, an economist at Salomon Brothers Inc.

The stock market, unimpressed by the vague package and fearing that the Finance Ministry would keep the lid on spending, slipped to a six-year low on Monday. The main Nikkei index fell 71.46 points, to 15,741.27, in thin trading.

The package will provide good publicity effects when Mr. Miyazawa meets Mr. Bush in Washington and goes on to the economic summit meeting in Munich next week, Masaru Takagi, chief economist at Fuji Research Institute, told Reuters. "But the package is so vague that we can't see how it could stimulate domestic demand."

Marking a turning point in a long and often confusing debate over what to do to boost the country's economy, the ruling party last Saturday proposed a package of proposals that could be worth up to 7 trillion yen (\$55.8 billion).

In a sign that it was still at odds with the powerful Ministry of Finance, which fears heavy spending would exacerbate the government's debt and possibly reflate the economic bubble that had securities and property prices soaring before they began to collapse a year and a half ago, the ruling party refused to specify the size of the supplementary budget it would send to parliament this autumn.

Yoshiro Mori, chairman of the party's policy research council, said the actual amount would be decided in September when the impact of a previous package of economic measures implemented in spring could be assessed.

The Ministry of Finance, which already uses about 20 percent of its budget on debt financing, is digging in its heels. It fears the party's large public works program, as well as an unmentioned but highly possible corporate

McDonnell Wins China Deal

HONG KONG — China on Monday approved a deal worth more than \$1 billion to co-produce 40 airliners with McDonnell Douglas Corp., the U.S. company said.

The agreement, signed with the China National Aero-Technology Import-Export Corp., calls for 20 MD-90 MD-80s and 20 MD-90 MD-90 twin-engine aircraft.

The new contract is the largest coproduction agreement between China and a U.S. corporation," McDonnell Douglas said.

Shanghai Aviation Industrial Corp. is to assemble the planes, with many parts coming from other Chinese suppliers. It has already delivered 28 MD-80s to Chinese airlines under a 1985 coproduction deal with McDonnell Douglas.

McDonnell Douglas stock gained \$1.875, to \$38.625, a share Monday on the New York Stock Exchange, with a bid by Boeing, which had hoped for the Chinese order, fell \$1, to \$29.

Rival Edged Out
Earlier, Richard W. Stevenson of The New York Times reported from Los Angeles: McDonnell Douglas Corp. said it had won a fierce competition with Boeing Co. to supply at least 40 new jetliners to China in a deal worth more than \$1 billion.

McDonnell Douglas said the deal calls for the mid-range twin-engine planes to be assembled in China, with many of the components manufactured in the United States and Canada by McDonnell Douglas and its subsidiaries.

The deal is a rare piece of good news for the St. Louis-based aerospace company, which is struggling to stay alive in the commercial aircraft industry as it suffers from deep cuts in Pentagon spending.

The transaction gives McDonnell Douglas a commanding lead in China over Boeing, the biggest supplier of modern airplanes to China, as well as Airbus Industrie, the European consortium.

McDonnell Douglas said the agreement called for negotiations with China on the purchase of up to 130 additional aircraft, although no order is expected until the middle of the decade. The U.S. company was vague about the terms of the transaction, but the structure suggested the financial benefits would be less than if China bought fully assembled planes directly.

David Brown, a spokesman for McDonnell Douglas, said, however, that the per-plane value of the deal was roughly \$30 million, which he said was comparable to the price of mid-range, twin-jet planes assembled by McDonnell Douglas in the United States.

McDonnell Douglas has been slashing its commercial-aircraft work force by thousands of jobs in Southern California and other sites in recent months because airlines, suffering from a downturn in traffic and slumping profits, have virtually stopped ordering new planes.

It was unclear whether McDonnell Douglas' expanded relationship with China would complicate its efforts to salvage an agreement with a government-backed aerospace venture in Taiwan to help finance production of a new jumbo jetliner.

McDonnell Douglas said last year that it had a preliminary agreement for the venture, Taiwan Aerospace Corp., to invest \$2 billion in a joint effort to build the new jetliner, the MD-12. But the agreement appeared to unravel this spring when Taiwanese officials said they had decided simply to order some MD-12s rather than join the program as an equity partner.

Saudis, Adding UPI, Assemble a Media Empire

By Yousef M. Ibrahim
New York Times Service

LONDON — Over the past decade, Saudi Arabia has invested tens of millions of dollars to buy or start news outlets in the Middle East and Western Europe.

Now the Saudis have moved further afield. On Tuesday, the Middle East Broadcasting Center, a British company owned by Walid Ibrahim, a brother-in-law of King Fahd, bought United Press International for \$3.95 billion.

The Middle East Broadcasting Center said it bought UPI, which has been operating under bankruptcy-court protection since August, to bolster the news-gathering scope of its satellite television channel, which broadcasts in Arabic throughout Europe and the Middle East.

As a result of a decade-long campaign, the Saudis, mostly princes from the royal family and others close to the king, exert a dominant influence over the news and political opinions presented to millions.

At least two dozen Saudi-owned Arabic-language papers and magazines are printed in London, including the two most influential Arab dailies — Al Hayat and Ashraq al Ahsan — as well as several weeklies like Al Mijallah and Al Watan.

These publications are also printed in Saudi Arabia, Bahrain, Egypt and Morocco as well as in Marseille, New York, Frankfurt and London.

In Paris, Rafik Hariri, a Saudi billionaire and friend of the king, owns Radio Orient, which broadcasts news and entertainment in Arabic round the clock to at least 5 million North African Arabs living in France and Western Europe, as well as millions more in Lebanon, Syria and parts of the Israeli-occupied West Bank.

The purchases have raised concerns among some Arab journalists and intellectuals, who feel the conservative Saudi outlook is crowding out other perspectives.

"There is nothing new which may be called a dialogue in the Arab world," said Mohammed Heikal, an Egyptian commentator and former editor of Al Arab in Cairo, the largest daily in the Arab world.

In a recently published interview, Mr. Heikal, a critic of conservative Gulf states, complained that the rise of Saudi oil money had undermined Arab journalism.

Ghassan Tuani, a Lebanese journalist and publisher, said the primary function of the Saudi-owned organizations was to defend Saudi Arabia. "They do this by occupying the widest space in the overall Arab media so that little place is left for anyone else," he said.

While most Saudi dailies based in London have circulations of 200,000 to 300,000, their distribution in Asia, Africa and Western Europe gives them widespread influence.

Al Hayat, which is widely viewed as the best Arab newspaper, with Western-style news coverage, has become the paper most closely read by Arab intellectuals, government leaders and educated Arabs.

In subtle ways, Al Hayat, which was started about four years ago by Prince Khalid bin Sultan, former deputy chief of staff of the Saudi Army, closely tracks the

Higher Wages, Fewer Jobs?

By Sylvia Nasar
New York Times Service

NEW YORK — Contrary to one of the most widely accepted orthodoxies of modern economics, raising the federal minimum wage may not cause employers to cut the total number of jobs, new studies suggest, and therefore may be a way to help the poor.

The findings are likely to influence the growing national debate — reignited by the Los Angeles riots — over how best to reverse the deteriorating fortunes of young, less-educated workers.

That is especially likely because the federal push is, for all practical purposes, empty, and because of the political appeal of taxing business to, in effect, provide employee benefits like health insurance.

"It's not ideal; it isn't going to solve the long-term, big problems," Lawrence H. Katz, a Harvard co-author of one of the studies, said of the minimum wage. "But it can, in the short run, provide extra income to those who work."

Both liberal and conservative economists have long been convinced that the minimum wage law had priced bottom-tier workers out of jobs. They recognized that a more generous minimum wage was good for those who were not dismissed as wages were raised, but worried that the losers outnumbered the winners.

Now, two unorthodox studies by economists at Princeton and Harvard universities have concluded that the most-recent rise in the minimum wage, to \$4.25 an hour — a 90-cent increase placed in from April 1990 to April 1991 — did not prompt employers to cut jobs.

That finding makes the case for modest increases in the minimum wage as an ingredient in future anti-poverty measures. But liberal politicians are not likely to push for another increase soon.

Still, Bill Clinton, the Democratic governor of Arkansas, recently announced in his presidential campaign that he favored indexing the minimum wage for inflation.

And a battle over minimum wage levels looms next spring, with the expiration of a clause permitting employers to pay newly hired teenagers less than the minimum.

The findings of the new studies, which provoked a controversy among economists and sparked criticism from other researchers, were borne out in interviews with executives employing minimum-wage workers.

"It really hasn't affected the number of jobs we have," said Jim Hennessy, operations manager for Andy Fram, a Chicago agency that provides 600 ushers for sports and entertainment events each week.

When the minimum wage was raised, the company increased its starting salaries even higher, from \$3.90 an hour to \$4.40, 15 cents more than the federal minimum.

"Paying that extra 50 cents helped us recruit," Mr. Hennessy said. "We're getting better kids."

Tim Supples, manager of several Roy Rogers restaurants in Mercer County in rural Pennsylvania, reported a similar experience.

"Our head count didn't increase or decrease," he said. "You're just going to manage a lot more tightly to get more out of the people we've got."

About 2 million workers earn the minimum wage or less. They are hamburger clerks and garment workers, sales clerks and janitors. Two-thirds are adults, and though some of the one-third are teenagers from well-to-do families, most youths earning minimum wages are from low-income families, for whom the wages are important.

It was concern for these workers that led Congress to raise the minimum wage. Until the 1990 and 1991 increases, the federal minimum had been frozen since 1981 at \$3.35 an hour. As other wages rose, the minimum wage fell to its lowest relative level since the 1950s.

British Steel Cuts Dividend, Forms Venture

LONDON — Posting a loss for the year and slashing its dividend, British Steel PLC said Monday that it would merge its BSSG stainless steel operations with Avesta AB of Sweden.

The new company, to be called Avesta Sheffield AB, is expected to have annual sales of 12.5 billion kronor (\$2.24 billion) and production of 600,000 metric tons. That would make it the second-biggest stainless steel company in Europe, behind Ugin Acier SA, a unit of Usinor-Sacilor SA of France.

Avesta Sheffield will be owned 40 percent by British Steel. The Swedish companies NCC AB, Axel Johnson AB and AGA AB, which have a majority stake in Avesta, will own 39.9 percent of Avesta Sheffield.

Avesta is one of Europe's leading producers and sellers of stainless steel, with 1991 sales of 7.39 billion kronor.

Citing low prices and the sluggish U.K. economy, British Steel posted a pretax loss of £55 million (\$104 million) for the year ended March 31, after a pretax profit of £254 million a year earlier. The loss was the company's first since its privatization four years ago.

British Steel said the year had been "testing" for the company, with lower demand for steel in the main markets and continuing excess production worldwide resulting in significant reductions in selling prices.

Some analysts had expected an even bigger loss because of the low prices.

The company cut its final dividend to 1.5 pence, bringing its full-year dividend to 4.5 pence, down from 8.75 pence a year earlier. The dividends were within expectations.

British Steel said future dividend payments would depend on steel prices.

Shareholders should be aware that "the company's return to adequate levels of profitability to support a dividend of this reduced level on trading grounds will depend on an increase in steel prices generally, in addition to the benefits the company will secure on further cost reduction," Sir Robert Scholey, British Steel's chairman, said.

Shares in British Steel slid 6.5 pence, to 60.5 pence, on the London Stock Exchange. Traders pegged the slide to Sir Robert's comments on the uncertainty over when steel prices would recover.

British Steel said Avesta Sheffield would be one of the largest European producers of cold rolled stainless steel products and a significant force in hot rolled products.

Avesta Sheffield's head office will be in Stockholm, with some activities coordinated in Britain.

The new company will be quoted on the Stockholm exchange and also plans to seek a listing in London.

In the latest year, British Steel said it had nonrecurring losses of £100 million, mainly from the cost of closing plant in Ravenscraig, Scotland. It had one-time loss of £192 million a year earlier.

Sales totaled £4.6 billion, down 9 percent from £5.0 billion.

British Steel is heavily dependent on the British economy. Although it is trying to branch out internationally, it has only a 3 percent market share in continental Europe, compared with 60 percent domestically.

In Britain, demand for British Steel's main products totaled 9 million tons, 11 percent below last year's level and 22 percent below the peak in the 1989 financial year.

"As yet, the timing of recovery in the U.K. is uncertain, and any such recovery could be overshadowed by the reduction in demand in other major markets, especially mainland Europe, and the prevailing low level of world steel prices," Sir Robert said.

British Steel cut spending on investments to £70 million from £400 million in the previous year. The number of employees fell to 49,100 from 56,100.

(AP, Reuters, Bloomberg)

Pirelli to Idle More Than 1,000 in Italy

The Associated Press

MILAN — Pirelli SpA Monday announced at least 1,020 job cuts in its Italian tire business, or 14 percent of the workforce, as part of a company-wide restructuring prompted by failure last year to take over Continental AG.

The Italian tire manufacturer said it does not plan to eliminate any of the 4,700 jobs at its cable division.

The executive vice president, Marco Tronchetti Provera, said Pirelli planned to close its factory producing motorcycle tires at Villafraanca Tirrena near Messina in Sicily, affecting 720 workers in addition, it will reduce the workforce at the plant for tractor tires at Tivoli near Rome by 300 to 550.

Pirelli also has plans to reduce its white-collar staff by 500 by the end of this year.

All layoffs in Italy will take place through the use of a state-subsidized unemployment benefit that guarantees a large part of the former salary for seven years.

The reduction follows job cuts of 5,300 since the beginning of 1991 through plant closures in France, Greece, Brazil and Argentina.

Pirelli also said it planned to close its truck tire facilities in two unidentified European countries.

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AP
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MARKET DIARY

Stocks Rally as Fed Becomes the Focus

Compiled by Our Staff From Dispatches NEW YORK — U.S. stocks ended sharply higher Monday, rising with hopes for a cut in interest rates, with the rally building momentum toward the end of the session.

The Dow Jones industrial average gained 37.45, to 3,519.86, the largest gain in terms of points since a 42.04 point jump on May 4. Advancers outpaced decliners by about a 2-to-1 margin. Volume hit 177 million shares, up from 158 million on Friday, but traders said activity remained lackluster.

Speculation of Rate Cut Sends Dollar Tumbling

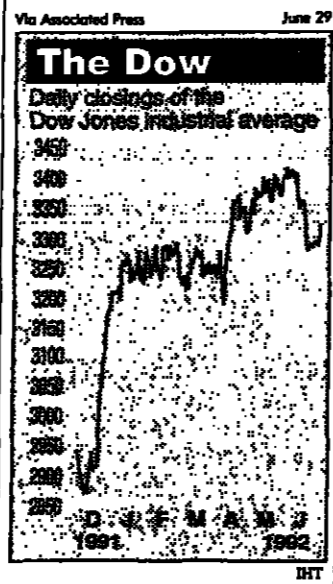
Probably come under great pressure to trim interest rates, traders said. The dollar fell to 1.5214 Deutsche marks from 1.5353 DM at the close Friday, but declined only slightly to 125.65 yen from 125.67. The dollar lost less ground against the yen in part because the Bank of Japan is also said to be considering a cut in interest rates.

The expectations of a rate cut pushed short-term government notes higher. The yield on the two-year note slipped to 4.82 percent from 4.88 percent, while the yield on the 30-year bond slipped to 7.77 percent from 7.78 percent.

Glaxo Holdings PLC, a notable exception to the rally, slid 1.1 to 25 1/2. Donaldson, Lufkin & Jenrette took the stock off its "buy" list on concern about lackluster performance of drug stocks.

Waste Management fell 2 1/4, to 34 1/4, after the company projected lower-than-expected second-quarter earnings. It said it expected to earn about 44 cents a share, excluding special gains and charges, below the expected range of 46 cents to 53 cents per share.

It doesn't matter what the Fed does," said John McCarthy, chief dealer at ABN-AMRO Bank. "Until you get a narrowing of the interest rate differential between the U.S. and Germany, the dollar is going to be under pressure." The dollar was quoted in late European trading at 1.5188 DM, down sharply from 1.5343 DM late Friday and at 125.04 yen, down from 125.48.



The Dow Jones Industrial Average

Vol. High Low Last Chg. NYSE Most Active

Table listing NYSE Most Active stocks including Glaxo, Waste Management, and Donaldson Lufkin & Jenrette.

NYSE Most Active (continued) listing various stocks and their price changes.

NYSE Diary listing advanced, unchanged, and new highs/lowes.

AMEX Most Active listing various stocks and their price changes.

AMEX Diary listing advanced, unchanged, and new highs/lowes.

NASDAQ Most Active listing various stocks and their price changes.

NASDAQ Diary listing advanced, unchanged, and new highs/lowes.

Dow Jones Averages

Table showing Dow Jones Averages for Industrials, Composite, and Utilities.

Standard & Poor's Indexes

Table showing Standard & Poor's Indexes for Industrials, Composite, and Utilities.

NYSE Indexes

Table showing NYSE Indexes for Composite, Industrials, and Utilities.

NASDAQ Indexes

Table showing NASDAQ Indexes for Composite, Industrials, and Utilities.

AMEX Stock Index

Table showing AMEX Stock Index for High, Low, Close, and Change.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages for 20 Bonds, 10 Utilities, and 10 Industrials.

Market Sales

Table showing Market Sales for NYSE 4 p.m. volume, AMEX 4 p.m. volume, and NASDAQ 4 p.m. volume.

S&P 100 Index Options

Table showing S&P 100 Index Options for various months and strikes.

EUROPEAN FUTURES

Table showing European Futures for Food, Metals, and Financial.

Food

Table showing Food futures including Sugar (POK) and Cocoa (POK).

Metals

Table showing Metals futures including Aluminum (High Grade) and Copper (High Grade).

Financial

Table showing Financial futures including 3-Month Eurodollar (LIFFE) and 3-Month Eurodollar (CME).

U.S. FUTURES

Table showing U.S. Futures for Grains, Soybeans, and Metals.

Grains

Table showing Grains futures including Wheat (CBOT) and Corn (CBOT).

Soybeans

Table showing Soybeans futures including Soybeans (CBOT) and Soybean Meal (CBOT).

Metals

Table showing Metals futures including High Grade Copper (COMEX) and Silver (COMEX).

USAir Is Discussing TWA's Assets

MOUNT KISCO, New York (Reuters) — Trans World Airlines Inc. said Monday it has been having discussions with USAir Group Inc. about TWA assets but had not yet received an offer.

Alcoa and Kobe Steel Ready Venture

PITTSBURGH (AP) — Aluminum Co. of America announced Monday that its joint venture with Kobe Steel of Japan to produce aluminum sheet products in the United States for the transportation industry would begin production this week.

Actina Life to Cut Nearly 5,000 Jobs

HARTFORD, Connecticut (AP) — Actina Life & Casualty said Monday that it would eliminate nearly 5,000 jobs by the end of 1993 in an effort to cut costs and improve profitability.

Texas Instruments Files Patent Suit

DALLAS (Bloomberg) — Texas Instruments Inc. has filed suit in U.S. District Court here against Sun Microsystems Inc. for patent infringement.

For the Record

Hewlett-Packard Co. and American Telephone & Telegraph Co. said they were working on a telephone and computer linking system that would help businesses give faster and more efficient customer service.

PLEDGE: Does Miyazawa Bring Form or Substance?

(Continued from first finance page) conclude its battle with the Finance Ministry, its statement over the weekend signals that a peace treaty is being amicably negotiated.

Table showing World Stock Markets for various cities including Amsterdam, Helsinki, Hong Kong, Brussels, Frankfurt, London, Madrid, Milan, Paris, Stockholm, Zurich, Tokyo, and Sydney.

U.S. FUTURES (continued)

Table showing U.S. Futures for Grains, Soybeans, and Metals (continued).

Table showing U.S. Futures for Metals (continued).

U.S. / AT THE CLOSE (continued)

Table showing U.S. Futures for Metals (continued).

Table showing U.S. Futures for Metals (continued).

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U.S. / AT THE CLOSE (continued)

Table showing U.S. Futures for Metals (continued).

Table showing U.S. Futures for Metals (continued).

Table showing U.S. Futures for Metals (continued).

Figures Dash Hope For U.K. Recovery

Reuters
LONDON — Britain's economic recovery seems to be running out of steam as business and consumer confidence wanes, a batch of statistics and surveys showed Monday.

A leading economic forecasting group said the economy would not be collapsing at all this year, but is likely to collapse at a record rate after nearly two years of recession. Employment is rising and people generally are reluctant to borrow and spend.

The Center for Economic Forecasting at the London Business School cut its growth forecast for 1992 to zero from 1 percent after a fall in gross domestic product during the first quarter.

The projection followed a report by the Organization for Economic Cooperation and Development last week that cut its 1992 growth forecast to 0.4 percent from 2.2 percent.

Bank of England figures showed the amount of money in circulation and the sum loaned by banks and finance houses last month remained low, good for curbing inflation but bad for businesses looking for a consumer-led revival.

The slide was largely triggered by a consumer-spending slump after the government, alarmed by inflation, pushed up interest rates. Inflation has fallen to an annual rate of 4.3 percent.

Economists said a major dampener was unemployment, which now stands at 7.7 million. The school said the jobless figure would peak in mid-1993 at around 8 million, more than 10 percent of the workforce.

Dun & Bradstreet said there was a record level of 30,722 company collapses in the first half of 1992, a 33 percent rise over the similar period last year.

Lending in sterling by the major British banks rose almost £3.10 billion (\$5.9 million) in the three months to May, compared with a £1.8 billion rise in the three months to February, the British Banking Association said.

"It is, therefore, difficult to pinpoint sources of demand, or to take a view on whether the upturn is erratic and temporary or whether it is the start of a sustainable recovery in bank lending," the association said.

EC Resolves Deadlock Over Investments

Agence France Presse
LUXEMBOURG — The European Community's finance ministers broke a two-year deadlock here Monday by agreeing on rules to create a single market in cross-border stock trading and other investment services.

The ministers agreed to let banks operate on stock exchanges in any EC country, although France, Italy and Belgium would have a five-year delay and Spain, Portugal and Greece a delay to the end of 1999, and possibly longer if necessary.

The latter three countries have been trying to keep banks out of their small stock exchanges.

Complicated rules were also laid down on how information must be made available to customers on stock exchanges, and the EC set minimum capital requirements for brokers.

Lean Lisbon Bank Picks Its Businesses

By Michael Quint
New York Times Service

NEW YORK — If an American banker could start with a clean slate and a new bank, the result might resemble Banco Comercial Portugues, a Lisbon-based bank that is only seven years old but is already in the top tier.

Banco Comercial's success and its prospects were intriguing enough that it was able to raise \$108.5 million of equity earlier this month by selling new shares to foreign investors, most of them American, through securities dealers led by Merrill Lynch & Co.

The shares, issued via American depository receipts, are listed on the New York Stock Exchange and closed Friday at \$15.625 and was trading at \$16 on Monday afternoon, higher than the public offering price of \$15.44.

Last year, the profit of \$135.3 million was the equivalent of 16.9 percent return on shareholders' equity, compared with the average of 13.2 percent for similar U.S. banks.

Unlike its older and larger Portuguese rivals, the bank has the luxury of entering only those parts of the business where it sees the greatest profit potential. It has this freedom because the government owns no shares.

After starting in 1986 with two groups focusing on medium-sized companies and

wealthy but not super-rich people, the bank expanded in 1989 to include a banking group for the richest, a bank for the 500 largest companies and a network called Nova Rede for middle-income individuals.

This year, the bank turned to small business.

Each of the six business groups operates as an independent company with its own offices and managers. They all share a centralized computer system that is expected to be large enough to give the bank years of growth.

"Our strategy has been to segment our market, which allows for more specialization and higher-quality service to all parts of the business," Jorge Gonçalves, the chief executive, said in an interview in New York through an interpreter.

In the decentralized organization, lending decisions for all small-business loans and about half the medium-sized business loans are handled by branch officials, with only the largest loans referred to headquarters.

The Nova Rede system, which relies heavily on an American-designed computer system, uses branches that offer mutual fund sales and insurance as well as the normal bank deposit and loan products, with two to six employees per branch.

Banco Comercial claims to be the first and largest user of telephone marketing and direct mail in Portugal. As a result, it has accumulated a large customer base without the cost of its competitors' branch systems.

"We did not want a consumer banking business like other banks' that operated at a loss and had to be subsidized by other parts of the business," said Christopher de Beck, the managing director.

This logic is a reason, he added, that the bank has chosen to avoid the poorest half of the Portuguese market, which does not like electronic banking, although that is the least expensive way of serving it.

Since 1987, when it completed its first year of operations with a profit equal to about \$13 million, the bank has remained solidly profitable, despite heavy investments for its 240 branches, 3,500 employees and the equivalent in Portuguese escudos of nearly \$9 billion in assets. Loans grew to \$3.8 billion at the end of 1991 from \$282.2 million in 1987.

In banking, such rapid growth is often a warning of problems to come. Senior managers of the bank insist that they have avoided the pitfalls, and they note that while the bank is new it started with an experienced core.

Tapie Expects Gain on Adidas Sale

Compiled by Our Staff From Dispatches
PARIS — Bernard Tapie Finance expects a pretax capital gain of 400 million to 500 million French francs (\$77 million to \$97 million) on the sale of its stake in Adidas AG, Elie Fellous, BTF's finance director and acting chief executive, said Monday.

Mr. Fellous said at a shareholders' meeting that BTF, a holding company controlled by the French financier Bernard Tapie, could sell the Adidas stake within the next few days.

Mr. Fellous also said BTF received "several other offers" besides one made Friday by the Adidas chief executive, but he would not provide details.

BTF received an offer Friday for the 55 percent stake it owns in BTF GmbH, which owns 95 percent of the sporting goods concern, from Rene Jaeggi, the Adidas chief executive. Mr. Jaeggi's offer is "close to the price we're looking for," Mr. Fellous said. Previously, Mr. Tapie has said he valued the whole of Adidas at about 1 billion Deutsche marks (\$650 million).

without Pentland, which has a right-of-first-refusal agreement.

Once the Adidas interest and those in other industrial companies are sold, Mr. Fellous said, BTF would be a cash-rich holding company. Mr. Fellous said BTF would use the proceeds from the asset sales to make new investments.

Mr. Fellous, who said the figure of 400 million to 500 million francs was based on market value and excluding interest expenses, added that the sale was by no means a foregone conclusion.

"The sale of Adidas," he said, "is not at all settled, even in principle."

Pentland Group PLC of Britain owns 20.05 percent of Bernard Tapie Finance GmbH and Mr. Tapie said last week he would not move

Chairman to Leave U.K. Pension Agency

Agence France Presse
LONDON — George Nissen, chairman of Britain's Investment Management Regulatory Organization, resigned Monday over criticism of the pension watchdog's role in the Robert Maxwell affair.

Mr. Nissen said the criticism of IMRO's supervision of the handling of two Maxwell companies' pension plans was "misplaced." The publisher was accused of fraudulently transferring huge sums from the pension plans.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
1982	1982	1982
1983	1983	1983
1984	1984	1984
1985	1985	1985
1986	1986	1986
1987	1987	1987
1988	1988	1988
1989	1989	1989
1990	1990	1990
1991	1991	1991
1992	1992	1992

Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	CBS Trend	123.70	123.90	-0.16
Brussels	Stock Index	5,778.85	5,788.05	-0.16
Frankfurt	DAX	1,757.12	1,754.18	+0.17
Frankfurt	FAZ	696.85	695.83	+0.15
Helsinki	HEX	767.82	767.36	+0.06
London	Financial Times 30	1,944.70	1,938.90	+0.30
London	FTSE 100	2,516.40	2,534.10	-0.72
Madrid	General Index	2,281.72	2,432.24	-1.71
Milan	MBE	902.80	911.00	-0.90
Paris	CAC 40	1,997.30	1,916.31	+4.22
Stockholm	Aktiesvariden	1,694.79	1,656.82	+2.30
Vienna	Stock Index	428.42	428.85	-0.10
Zurich	SBS	661.00	646.80	+0.65

Sources: Reuters, AFP
International Herald Tribune

Very briefly:

- Groupe Bull SA shareholders approved the purchase of 5.68 percent of the parent company, Compagnie des Machines Bull, by International Business Machines Corp., for 540 million francs (\$104 million).
- Boustead PLC recommended that shareholders accept a takeover offer from Jack Chia-MPH Ltd., a Singapore-based trading company, that values it at £20.2 million (\$33.3 million).
- T. Cowie PLC, a British vehicle distributor, made a bid for Henlys Group PLC consisting of one new Cowie share for every two Henlys shares; the offer values Henlys at 74 pence per share, or £7.9 million.
- Continental AG said it recorded "a clear positive result" in the first half, after a slight operating loss last year; it did not provide figures.
- Walter Bau AG, the German construction company, reported 1991 net profit of 43.8 million Deutsche marks (\$28.8 million), nearly double a year earlier.
- Rhöne-Poulenc SA and BP France SA, a unit of British Petroleum Co., said they have agreed to sell their Distigal joint venture to Eusechem Elastomeri SpA; terms were not released.

SAUDIS: An Arab Media Empire

(Continued from first finance page)

objectives of Saudi foreign policy, highlighting damaging information of Arab enemies, like Sudan, Yemen and Libya.

More importantly, Al Hayat's editors play down or omit negative news from Saudi Arabia or its Gulf allies.

A less-subtle newspaper, Asharq al Awsat, is owned by Prince Ahmad, son of Prince Salman, brother of the king. Prince Salman is widely viewed as the Saudi royal family's press overlord.

Noted Arab writers, including Islamic fundamentalist and leftist critics, as well as Mustafa Amin, the Arab world's most-read columnist, are paid highly to write for Saudi publications. But they follow a certain amount of self-censorship when it comes to writing about Saudi causes.

For instance, Fahmy Howaidi, an Islamic fundamentalist intellectual who was once a strong supporter of the Islamic revolution in Iran, has toned down his enthusiasm for Tehran since he began to write a column in a London-based Saudi news magazine, Al Mijallah. Similarly, Lutfi Khouly, once a

Pechiney Chief Expects Decline In 1992 Profit

Reuters
PARIS — Jean Gandois, the chairman of Pechiney SA, said he expected the state-controlled aluminum and packaging company to report lower earnings, excluding exceptional items, and lower operating profit in 1992 than last year.

In an interview in the daily newspaper Le Figaro published Monday, Mr. Gandois also said the company may consider broadening its capital base, which would dilute the state's 75 percent stake, when aluminum prices rise from their current levels.

Pechiney reported net attributable profit, excluding exceptional items, of 820 million francs (\$157.8 million) in 1991, down from 2.23 billion in 1990. Operating profit before financial expenses was 5.12 billion francs, down from 6.69 billion in 1990.

Earlier this month, Pechiney announced it was selling its nuclear activities for about 2.3 billion francs. The company did not say how big a capital gain it would make on the deal.

THE WORLD CLASS BUSINESS THAT MAKES SOUTH AFRICA TICK

Points from the Annual Statement by the Chairman of Anglo American Corporation, Mr Julian Ogilvie Thompson

■ In a year of world recession AAC maintained its equity accounted earnings at R2 607 million and increased its attributable earnings by 20 percent to R1 680 million. Set against the continuing weakness of international commodity prices and one of the longest recessions South Africa has ever experienced, this achievement is a testament to the Corporation's strength and diversity of interests.

■ AAC, which celebrates its 75th anniversary this year, has grown from the first South African mining finance house into a diversified resources group of world class. Its aims, however, remain those defined by its founder, Sir Ernest Oppenheimer: to earn profits in such a way as to make a real and permanent contribution to the well being of the people and to the development of South Africa and the region. We have a part to play in creating and sustaining a prosperous, peaceful and democratic new South Africa.

■ The central political logic of South Africa remains negotiation. Businessmen familiar with the pattern of industry negotiations recognise the great progress that has already been achieved in the political arena and the underlying momentum to carry on the process.

■ Big companies have a contribution to make to South Africa's future that is beyond the reach of others. It is through big companies that a country promotes exports, earns foreign exchange and participates in the complex and forever changing network of human, financial and technological resources that characterise the global economy. AAC and its associates have built up from grass roots companies that today account for 18 percent of the capitalisation of the Johannesburg Stock Exchange. AAC sees itself as a creative, developmental organisation, giving considerable autonomy to its operating divisions and companies in the pursuit of the focused diversity that gives strength and stability to the whole.

■ Mining initiated South Africa's industrialisation and, as successful mining groups were the first to accumulate skills and financial resources, they became the vehicle for investment in other industries. Even in these adverse times the Anglo American and De Beers Groups and associated companies are committed to capital expenditure of more than R15 billion on new and existing projects in South Africa — a sure expression of our faith in South Africa's future. Most of this will be spent on new shafts and sub-shafts on the gold mines, new capacity for the collieries, a major new diamond mine at Venetia and new or upgraded facilities in the steel, aluminium, paper and motor industries.

Projects include the multi-billion rand Columbus stainless steel joint venture, with the Gencor Group, which will become one of the largest in the world and the Moab deep level gold mine, which will cost R1.7 billion and is expected to produce 13 tonnes of gold a year, starting in 1997.

■ The Corporation and its associates also invest significantly abroad in order to be world class competitors with entree into new markets and technologies. A recent example was the acquisition of joint control of Frantschach AG, a leading European pulp and paper group. Made at no cost to South Africa's foreign exchange reserves, these investments contribute substantially to South Africa's foreign currency earnings, last year exceeding \$340 million in the case of the Anglo American and De Beers Groups and their shareholders.

■ The road to success requires an open economy with two-way trade, two-way investment and big, competitive and successful companies. There are no examples of winning countries which have distanced themselves and their leading companies from involvement in the global economy.

South Africa's big companies are the mechanism that makes its economy tick. Interfere with the mechanism and the economy will run down.



RICHEMONT

RESULTS FOR THE YEAR ENDED 31 MARCH 1992

During a period in which many companies have found trading conditions difficult we are pleased to report to Unitholders further satisfactory progress in sales, profits and dividends.

Financial Highlights for the year ended 31 March 1992	1992	1991	% Change
Net Sales Revenue	£ 3108.3m	£ 2988.3m	+ 4.0%
Profit before Taxation	£ 620.1m	£ 596.1m	+ 4.0%
Profit attributable to Unitholders	£ 197.3m	£ 177.3m	+11.3%
Earnings per Unit	£ 343.60	£ 308.70	+11.3%
Dividends per Unit	£ 56.25	£ 50.625	+11.1%

Operating profit amounted to £ 584.2 million, an increase of 5.0% compared to the prior year. Of this, tobacco operations generated £ 367.0 million, an increase of 4.4% over last year, while operating profits from the Group's luxury goods activities increased by 4.1% to £ 214.6 million.

Overall, profit attributable to unitholders and earnings per unit increased by 11.3% to £ 197.3 million and £ 343.60 respectively.

The Board of Directors has proposed an increase of 11.1% in the dividend payable to unitholders to £ 56.25 per unit based on the number of Richemont units in issue prior to the 10 for 1 sub-division of units to be proposed at the forthcoming Annual General Meeting.

Richemont is a Swiss-based company which operates in the fields of tobacco products and luxury goods. Richemont's tobacco interests are held through Rothmans International p.l.c. Its interests in the luxury goods industry are held through its controlling interests in Cartier Monde SA, including Cartier, Piaget and ling interests in Cartier Monde SA, including Cartier, Piaget and Dunhill. Montblanc and Chloé.

Copies of the annual report of Richemont may be obtained from:

Compagnie Financière Richemont AG
Rigistrasse 2
6300 Zug, Switzerland
Telephone: (042) 22 33 22
Telefax: (042) 21 71 38

Richemont International Limited
15 Hill Street
London W1X 7FB
Telephone: (071) 499 2539
Telefax: (071) 491 0524

NYSE

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Stock	Div	Yield	PE	High	Low	PM	Qtr
IBM	3.00	4.5	14.5	147 1/8	147 1/8	147 1/8	147 1/8
Microsoft	0.00	0.0	18.0	100 1/8	100 1/8	100 1/8	100 1/8
Apple	0.00	0.0	18.0	75 1/8	75 1/8	75 1/8	75 1/8
Oracle	0.00	0.0	18.0	60 1/8	60 1/8	60 1/8	60 1/8
Amazon	0.00	0.0	18.0	50 1/8	50 1/8	50 1/8	50 1/8
... (rest of the table content follows the same pattern)							

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Stock	Div	Yield	PE	High	Low	PM	Qtr
IBM	3.00	4.5	14.5	147 1/8	147 1/8	147 1/8	147 1/8
Microsoft	0.00	0.0	18.0	100 1/8	100 1/8	100 1/8	100 1/8
Apple	0.00	0.0	18.0	75 1/8	75 1/8	75 1/8	75 1/8
Oracle	0.00	0.0	18.0	60 1/8	60 1/8	60 1/8	60 1/8
Amazon	0.00	0.0	18.0	50 1/8	50 1/8	50 1/8	50 1/8
... (rest of the table content follows the same pattern)							

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NYSE

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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هكذا من الرجل

BUSH: Over the First Term, Economic Mistakes and Perceptions Cost President Heavily

(Continued from page 1)
...longer than it should have because Congress refused to go along with his proposals...

...had never prepared the public for bad news. He had never mentioned, for example, that a hangover might follow the high living of the Reagan years...

...years to cool off without crashing into a recession. Such careful calibration proved impossible, and after months of stagnation, the economy actually began to shrink in the summer of 1990.

...Mr. Bush simply chose to focus on his main interest, foreign affairs, and to leave economic policy to others. Looking back, the prevailing view of economists is that the prosperity of the 1980s was somewhat illusory.

...statements about the economy were consistently upbeat. Budgets projected strong economic growth, if not at once then clearly in the near future.

'I don't think we ought to have industrial planning. I do not want to see the government pick winners and losers.'

President Bush

NYSE Monday's Closing

Tables include the nationwide closing up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

Table with columns: Div, YH, PE, High, Low, A.P.A. Change. Lists various stock prices and market data.

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NASDAQ

Monday's Prices
NASDAQ prices as of 4 P.M. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	PE	Div	Yield	Low	High	Low	High	Low	High	Low	High	Low	High
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00

12 Month High	Low	PE	Div	Yield	Low	High	Low	High	Low	High	Low	High	Low	High
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00

12 Month High	Low	PE	Div	Yield	Low	High	Low	High	Low	High	Low	High	Low	High
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00

AMEX

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	PE	Div	Yield	Low	High	Low	High	Low	High	Low	High	Low	High
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00

12 Month High	Low	PE	Div	Yield	Low	High	Low	High	Low	High	Low	High	Low	High
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00

12 Month High	Low	PE	Div	Yield	Low	High	Low	High	Low	High	Low	High	Low	High
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00
120.00	110.00	10.00	0.00	0.00	100.00	110.00	120.00	130.00	140.00	150.00	160.00	170.00	180.00	190.00

Sales figures are unaudited, yearly high and low reflect the previous 52 weeks plus the current week, but not the other period or more than a split or stock dividend. Unless otherwise indicated, the year's high and low are based on the closing price of the stock. The year's high and low are based on the closing price of the stock. The year's high and low are based on the closing price of the stock.

1 - New security issue.
2 - Dividend in arrears.
3 - Dividend in arrears or paid in preceding 12 months.
4 - Dividend in arrears or paid in preceding 12 months.
5 - Dividend declared after split-up or stock dividend.
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28 - Dividend declared after split-up or stock dividend.
29 - Dividend declared after split-up or stock dividend.
30 - Dividend declared after split-up or stock dividend.

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مکان من الاصل

One Bush Legacy Is Certain: Conservative Courts

By Neil A. Lewis
New York Times Service

WASHINGTON — If President George Bush fails to win re-election in November, his successor will no doubt move swiftly to undo many of his policies. But one aspect of the Bush legacy that will not yield to quick change is the sharply conservative makeup of the nation's federal courts.

Building on the record of President Ronald Reagan, Mr. Bush has put into place a federal judiciary with its own distinct conservative philosophy that could dominate the courts for decades.
Mr. Reagan appointed about 325 law-

Bush's Record Sixth in a series

yers to the Supreme Court, the appellate courts and the district courts. So far, Mr. Bush has appointed 150, so now 60 percent of the federal judges were selected by these two men.

Mr. Bush is expected to fill 30 more slots before Election Day.

In picking judges, he has been unwaveringly faithful to Mr. Reagan's approach of selecting conservatives, in the opinion of senators, lawyers and other monitors.

Mr. Bush's choices are generally white, wealthy, male and, perhaps most striking of all, relatively young. Since they are appointed for life, some of these judges could sit on the bench for decades.

Their impact is already unmistakable. These judges tend to construe laws as narrowly as possible and usually favor law enforcement officials over defendants. They also typically defer to Congress in close constitutional issues.

But judge-picking is not an exact sci-

ence, as demonstrated by the ruling Monday on the most awaited case of the year: the Supreme Court's decision to uphold a woman's right to have an abortion, while also allowing states to impose restrictions.

But even with that, the tendency of Reagan-Bush appointees throughout the court system to vote in certain definite patterns has proved so reliable that several political scientists are now able to produce computerized studies demonstrating the differences between their rulings and those of judges appointed earlier — especially the 187 named to the bench by President Jimmy Carter.

Simply plug in the decisions, these studies say, and Reagan-Bush judges are shown to be markedly different.

A 1990 study financed by the National Science Foundation and the Brookings Institution, and published in *Judicature Magazine* shows that Reagan appointees supported restrictions on abortion about 77 percent of the time, a tendency that would presumably apply to Bush appointees, who were not included in the study.

According to that study, from 1981 to 1987 Carter-appointed judges supported restrictions in about 12 percent of the cases and judges appointed by President Richard Nixon had a score of 21 percent.

Other studies show similar disparities in such areas as antitrust and criminal law. Such results are the outcome of a remarkable effort by Mr. Reagan, and now Mr. Bush, to remake the nation's courts.

Senator Joseph R. Biden Jr., Democrat of Delaware, who is chairman of the Judiciary Committee, complained that conservatives were trying to achieve policy changes through the judicial process that they could not achieve through the political process.

Of course, under the Constitution, the

Senate shares responsibility with the White House for putting judges on the bench. Mr. Biden's committee and the Democratic-controlled Senate have largely acquiesced by confirming most of the nominees.

Underlying all this is a question: Has Mr. Bush selected all these conservative judges because he is personally committed to the idea of shifting the courts rightward in a wholesale manner?

Bush has put into place a federal judiciary with its own distinct conservative philosophy that could dominate the courts for years.

Or does he simply see the naming of conservatives as a relatively cost-free way of pleasing the Republican Party's conservative wing?

C. Boyden Gray, the White House counsel, who is in charge of the screening and selection process for judges, argues that Mr. Bush holds strong views about the philosophy of judging.

"He has a well-developed sense of the Constitution and such things as the separation of powers," Mr. Gray said in an interview. The result, he added, "is that Bush is committed to shifting the courts to a more conservative philosophy."

Several other people — including some present and former Bush administration officials — have a sharply different view. A former administration official who was directly involved with judicial nomi-

said the president did not participate much in the selection and seemed happy to delegate the matter to others.

A sitting federal judge appointed in the Reagan-Bush era, who continues to follow the appointments process, had a similar view.

"It's a very tasty morsel he gives to the right-wingers," said the judge, a proven conservative. "Bush is not a lawyer, and is very glad to delegate this stuff."

While much of the public's focus has been on the Supreme Court, Republican judge-pickers have paid special attention to the nation's 13 federal circuit courts of appeals, the level just below.

The district courts generally conduct trials, and those judges are most closely bound by precedent. But appellate judges have more freedom to innovate. And since the Supreme Court has decided to review fewer cases, the circuit courts' opinions often become law.

The judge-pickers in both the Reagan and Bush administrations have paid particular attention to the ideologies of the lawyers they selected for the circuit courts. Reagan-Bush nominees now make up the majority on 10 of the 13 appeals courts; the two presidents have appointed about 70 percent of the nation's appellate judges.

Mr. Bush, through his selectors, has also made a point of choosing young lawyers to fill the courts. Since these people hold lifetime tenure, the ideologically motivated choosers of judges are able to ensure that their philosophy will outlast the swings of the electoral process.

The effect of the vastly changed judiciary has not always been dramatic, but it is unmistakable. In Texas, for example, an appellate panel of Reagan appointees recently imposed a redistricting plan for the state legislature that greatly helped Republicans.

On Iraqi Embargo, U.S. May Decide to Circumvent Jordan

By Patrick E. Tyler
New York Times Service

WASHINGTON — Jordan's refusal to cooperate in enforcing the United Nations trade embargo against Baghdad has led the United States to consider a plan that would involve the searching of vehicles inside Iraq, according to U.S. officials.

The intensified planning represents a White House attempt to increase the economic pressure on President Saddam Hussein. In this U.S. election season, Mr. Saddam's survival since the Gulf War continues to be politically embarrassing to President George Bush.

Democrats' criticism of Mr. Bush's handling of Iraq before the invasion of Kuwait has tarnished the Gulf victory as a campaign asset for the president. In recent weeks, U.S. intelligence has concluded that Mr. Saddam is strengthening his position with the help of a growing volume of critical supplies and other goods entering Iraq from Jordan, in violation of the 22-month-old trade embargo.

According to a recent National Intelligence Estimate, up to 30 percent of the cargo crossing into Iraq from Jordan violates the trade embargo.

As a result, the White House last week dispatched Robert M. Gates, the CIA director, to Jordan to press for King Hussein's cooperation in placing UN inspectors at the Red Sea port of Aqaba to turn back Iraq-bound cargo, administration officials said.

A senior administration official said Jordanian officials were presented with "evidence about sanctions violations that originated in Jordan and their significance for Iraq's economy."

"We essentially made the case for a strengthened United Nations regime," the official said. "At the end of the day it was no sale — the Jordanians felt they couldn't go along."

Jordan's position contrasted with its cooperation in the autumn of 1990, when U.S. Embassy per-

sonnel in Jordan were allowed to take up positions on the border crossing with Iraq, where they checked Iraq-bound trucks to affirm Jordan's compliance with the embargo.

The senior administration official, acknowledging the failure of the Gates mission, said: "In the wake of that, we are in the process of thinking what our options are in this particular hole in the sanctions net. No decisions have been made."

But other administration officials said the White House was preparing a plan under which UN policemen inside Iraq would search the hundreds of trucks that enter from Jordan every week. Food and medicine would be allowed to proceed; material banned by the embargo would be turned back.

Irate Bush Denies He Indulged Iraq Before Gulf War

Reuters

WASHINGTON — President George Bush angrily rejected charges Wednesday that he coddled Iraq before the Gulf War, calling the allegations "pure gut American politics."

Mr. Bush said the United States did not do anything to enhance Saddam Hussein's nuclear or chemical warfare capability, when asked why the United States helped Iraq early in his presidency despite indications that it was expanding militarily.

Alluding to U.S. congressional testimony that Baghdad used U.S. aid to prepare for the invasion of Kuwait, the president said his critics were trying to besmirch his leadership in the war.

"All these hearings up there are a bunch of people that want to redress something that was noble and good — Desert Storm — and make it bad," Mr. Bush said heatedly during an hour-long appearance on the CBS network.

House Unit Clears Bush On Secret Hostage Deal

Compiled by Our Staff From Dispatches

WASHINGTON — A House task force on Wednesday cleared President George Bush of allegations that as Ronald Reagan's running mate in 1980 he flew to Paris to negotiate a deal with Iran to delay the release of U.S. hostages.

But the panel will continue to investigate whether the Reagan campaign conspired with Iran to delay the release and prevent President Jimmy Carter's re-election, said Representative Lee H. Hamilton, Democrat of Indiana and chairman of the task force.

Mr. Hamilton said that "all credible evidence" led to the conclusion that Mr. Bush was in the United States between Oct. 18 and 22, 1980, when he was alleged to have flown to Paris for secret meetings with Iranian representatives.

He announced the interim findings of the task force, formed in February to investigate the so-called October surprise, in which the Reagan campaign is alleged to have conspired with Iran to prevent Mr. Carter from bringing home the 52 Americans taken hostage in 1979 at the U.S. Embassy in Tehran.

According to the interim report, the staff investigators received complete logs from the Secret Service on the whereabouts of Mr. Bush and his wife during the days of the alleged Paris meetings.

The conclusion that Mr. Bush was not in Paris then "does not resolve all of the many other alleg-

tions under investigation by the task force," the report read.

Mr. Hamilton said the panel's "central mission" was to determine whether there were "communications on behalf of the 1980 Reagan presidential campaign" with Iranian representatives, or any attempt "to influence the timing of the release of the hostages," and whether any arms sale was intended to influence the release of hostages. He said he hoped the panel would finish its investigation by the end of the year.

The ranking Republican member of the panel, Henry Hyde of Illinois, said he would prefer to have the inquiry completed before the November elections.

Several people, among them an Israeli arms dealer and a man who said he had worked as a pilot on secret government missions, have said they saw Mr. Bush in Paris on Oct. 20.

The Israeli, a former Defense Ministry official named Ari Ben-Menashe, has told investigators that Mr. Bush met with Iranian officials at a Paris hotel that day to conclude a deal whereby the hostages would be freed only after the elections and Iran would in return receive U.S. weapons and spare parts needed for its war with Iraq.

The American hostages were freed minutes after Mr. Reagan was sworn into office on Jan. 20, 1981. Soon after, Iran started receiving weapons through Israel. (AP,UPI)



Patricia Ireland, president of the National Organization for Women, being led away by police during a protest in front of the White House against the Supreme Court's decision on abortion.

Supreme Court Thinks Twice

Abortion Ruling Signals Rising Caution and Anger

By Linda Greenhouse
New York Times Service

WASHINGTON — The Supreme Court's decision reaffirming *Roe v. Wade* was as much about the court as about abortion.

It was not only that three of the five justices appointed by Presidents Ronald Reagan and George Bush turned out to have the controlling votes that preserved the constitutional right to abortion.

Beyond that, the three — Sandra Day O'Connor, Anthony M. Kennedy and David H. Souter — approached their task and wrote their joint opinion as if they held the future of the court in their hands.

The core of the majority's opinion was a section on the reasons why adhering to *Roe v. Wade* as

justices had invited argument or framed the issues only months earlier. The question was why.

The opinion Monday may provide the answer. Among the emotions on display in the joint opinion of Justices O'Connor, Kennedy and Souter was anger, particularly at the White House under Mr. Bush and Mr. Reagan alike, for repeatedly bringing the abortion issue to the court and preventing the raw wounds from the judicial abortion wars from ever beginning to heal.

The United States, as it has done in five other cases in the last decade, again asks us to overrule *Roe*, the opinion said pointedly in its opening paragraph.

It is possible that the administration's aggressive advocacy, in the school prayer and habeas corpus cases and the abortion case, caused these three justices in the middle to draw back and question whether the course on which they had embarked was leading to a destination they wanted.

The three justices' approach to the abortion issue is perhaps an example. Judging from the structure of the opinion, they took the administration's invitation at face value and re-examined *Roe*.

They started from a position of substantial doubt about the precedent's validity; indeed, Justices O'Connor and Kennedy had committed themselves in previous opinions to the position that *Roe* was deeply flawed not only as law but as science and probably morality as well. Yet, by the end of the exercise, they had produced an opinion — with a fourth and fifth vote contributed by Justices John Paul Stevens and Harry A. Blackmun, the author of *Roe* — offering a tightly reasoned framework for a constitutional right to abortion.

In some respects it was clearer and stronger than the precedent of *Roe* itself.

In contrast to the emphasis in *Roe* on the medical and social history of abortion, this opinion placed the question of women's ability to control their reproductive lives in the context of modern doctrines of equality.

"This opinion makes sense and puts the right to abortion on a firmer jurisprudential foundation than ever before," said Laurence H. Tribe, a liberal legal scholar from the Harvard Law School.

It was as if the three justices, forced to go back to first principles, had in the end persuaded themselves, in this as in the other cases in which they controlled the outcome this term.

In addition to the justices' response to outside pressures on the court, they may also be responding to forces within it. Biting dissents in Monday's case from Chief Justice William H. Rehnquist and Justice Antonin Scalia, also signed by Justices Byron R. White and Clarence Thomas, highlighted the internal tensions, if not outright personal animosity, that more and more appears to be a fact of life within the court.

Justices O'Connor, Kennedy and Souter have rarely, if ever, taken a similar tone in their own opinions. The hard-edged, take-no-prisoners stance by the justices on the court's far right, including Mr. Thomas, Mr. Rehnquist and Mr. Scalia, may have the effect of driving the other three toward the center.

NEWS ANALYSIS

precedent was necessary, even for justices who might well not have signed the original opinion in 1973 and who still had some doubts about it.

This section, signed by all three, conveyed a remarkable sense of personal passion and urgency.

The message of the opinion was straightforward: The pressure to overturn *Roe v. Wade* has brought the court to a moment of great institutional danger. The court's claim to legitimacy, always fragile in a democratic society that has bestowed on life-tenured judges the extraordinary power to thwart the majority's will, is nonetheless the only currency the court really has.

The opinion said that to overturn, "under fire," a decision that has not been shown to be wrong would be seen as "a surrender to political pressure," exacting "a terrible price" by dangerously depleting the court's currency with a public that would come to see judges as no different from politicians.

"If the court's legitimacy should be undermined," the opinion said, "then so would the country be in its very ability to see itself through its constitutional ideals."

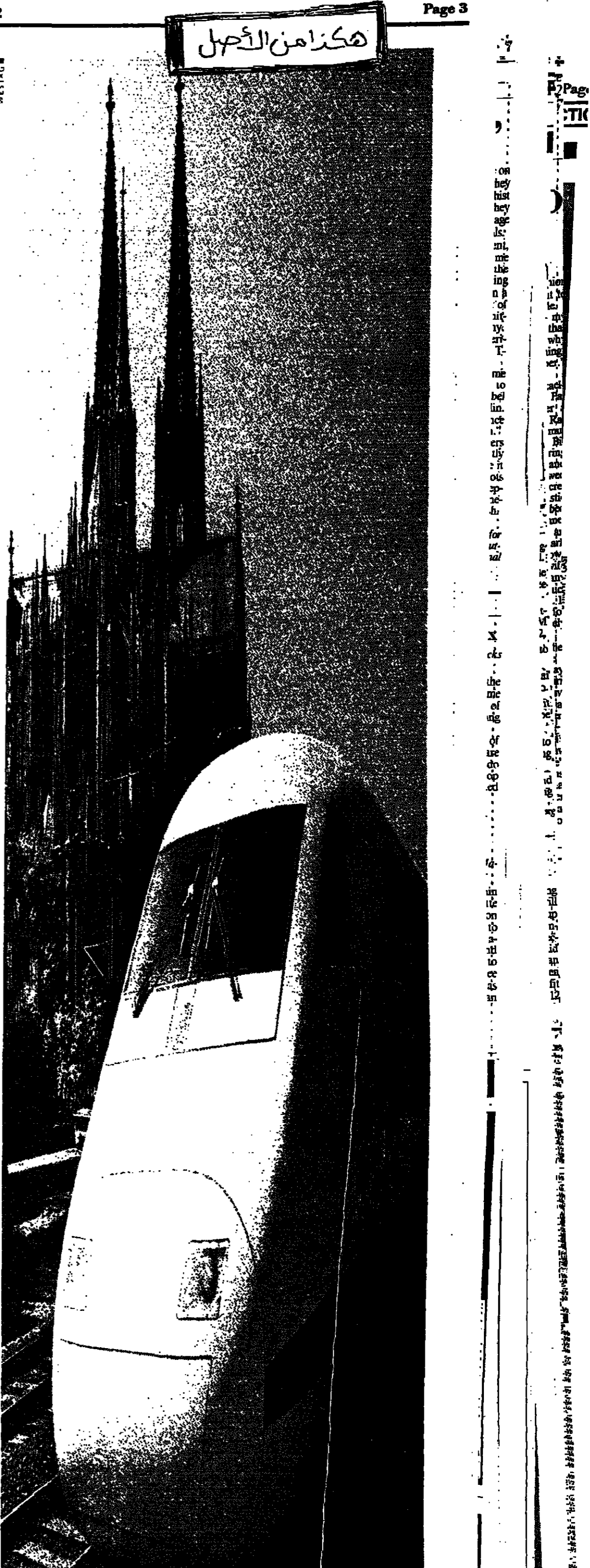
The opinion added: "The court's concern with legitimacy is not for the sake of the court but for the sake of the nation to which it is responsible."

These words echoed a statement Mr. Souter made at his confirmation hearing in September 1990. He told the Senate Judiciary Committee then that he had not reached a conclusion about the validity of *Roe*.

But he addressed the role of precedent in general, calling it "a bedrock necessity if we are going to have in our judicial system anything that can be called the rule of law."

Illuminating as it did the three justices' approach to their work, the decision Monday may have been even more revealing than that.

It is possible to read the opinion, particularly the section on precedent, as a roadmap for explaining the moderate turn that was the most striking feature of the entire Supreme Court term. There is no doubt that in decisions ranging from school prayer to habeas corpus to property rights federalism, the court adopted a more modulated approach than had seemed likely from the way the



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Dassault's Jet and Taiwan: Is a \$10 Billion Deal Worth Offending the Chinese?

By Joseph Fitchett
International Herald Tribune

PARIS — A pending \$10 billion deal to sell warplanes to Taiwan could tide French defense contractors over a worsening shakeout in Europe's aerospace industry, but only at the cost of a political confrontation with China.

The order for as many as 100 Mirage 2000-5s is desperately needed by Dassault Aviation, which otherwise may have to shut down a major assembly line.

But as France weighs the cost of angering China, officials in Paris worry that Taiwan may secretly want to buy U.S. warplanes and is luring France into approving the export primarily as a tactic to spur the Bush administration into authorizing an American deal.

In other words, France could wind up paying

a steep diplomatic price vis-à-vis China while inadvertently helping the United States make an arms sale.

Officially, Taiwan is seeking confirmation of French readiness to sell the Mirage 2000-5s, but a Paris insider said Wednesday that "it looks like Taiwan's air force really may be using us as a way to get a deal with the Americans."

The need to weigh such complications explains why the export approval has lain for weeks on the desk of President François Mitterrand, who ultimately has to decide whether the deal is really an offer to France and, if it is, whether it justifies alienating Beijing.

Most French policymakers say that it is on, including officials who in the past have criticized what they viewed as lax policies on arms

exporters — for example, French nuclear reactor sales to Iraq.

Although the vision of China's reviving as a great power has a deep hold on French imaginations, there is scant evidence of any major Chinese pressure points on France. Taiwan, with its booming economy, is likely to remain indefinitely a much more lucrative market than China for French exports.

The fighter sale to Taiwan — while not large enough to jolt regional power balances — could help slow what appears to be a steady erosion of French visibility in Asia.

Critics of the proposed French sale worry about Chinese retaliation in more general terms.

"You don't lightly offend another permanent member of the Security Council, where you

might need the Chinese vote someday," a French presidential adviser said.

Chinese diplomats have hinted that any major Western help in modernizing Taiwan's air force in turn might set off more Chinese arms sales to the Middle East, such as reported missile exports to Iran and Syria.

Keeping China in line with the major industrial countries' policies of restraint on exports of missile technology is mainly a U.S. responsibility. Only Washington has enough leverage with China to offer a prospect of influencing that country's arms exports, which are controlled by the military with considerable independence from the political leadership.

So from France's viewpoint, an official said, "it would be gratifying to give the Chinese a taste of their own medicine by selling to Tai-

wan, and the deal actually does not have any real political disadvantages beyond Chinese grumbling."

That view is enthusiastically shared by Dassault, France's privately owned aerospace company.

It has not made a major export sale for five years, and the plane that Taiwan may buy, the Mirage 2000-5, has never been bought by any customer, not even the French Air Force.

The French plane recently lost out to the U.S.-made F-16 in Finland and Switzerland. Dassault has said that the Mirage 2000-5 — which had been expected to be a big earner in the mid-1990s — will be abandoned unless a customer signs up this year.

Announcing a cutback in France's order for

an older model of the Mirage 2000, Defense Minister Pierre Joxe said Wednesday that Dassault might sell Mirage 2000-3s to Germany in place of the Eurofighter canceled this week by the Bonn government.

But industry sources said that Germany has other options, including adding more Soviet-built Mig-29s to the two squadrons it inherited from former East Germany and then buying into more advanced warplanes.

If Germany had rejected the Eurofighter three years ago, it might have joined Dassault's major project, the Rafale, slated for delivery to the French Air Force and Navy in the late 1990s.

But that program now appears too far along for Germany to become a partner.

Bonn Seeks to Sell U.K. on Slim Eurojet

Agence France-Press

BONN — Defense Minister Volker Rühe will visit London on Monday to promote his idea of a "slimmed-down" version of the Eurofighter, the four-nation project that Germany decided to quit Tuesday, the ministry announced Wednesday.

But in London, Mr. Rühe's British counterpart, Malcolm Rifkind, said on television that Britain would continue with the project in its present form.

The immediate priority was to discuss the future of the project with Italy and Spain, the other two members of the consortium, Mr. Rifkind said.

"There are already available substantial cost savings which will enable the project to go

ahead, if we so decide, with very good heart," he said. "Major savings have been identified, and that is something I suspect the Germans may have not taken fully into account."

The three parties of the center-right coalition decided in Bonn on Tuesday to withdraw from the 4-year-old plan and instead seek to build a cheaper, lighter aircraft that would meet Germany's lighter budget resources and the reduced strategic threat. No choice would have to be made before 1996, according to the decision.

In Munich, Deutsche Aerospace, the main German contractor, expressed satisfaction, seeing "a continuation of European cooperation" in aircraft, and "a clear vote" in favor for maintaining German "technical capacity and competitiveness."

German industrialists had warned of a loss of about 20,000 jobs in the event of a pullout without replacement; in Britain, 40,000 people could lose their jobs.

Confirmation of the decision came Wednesday in the cabinet's endorsement of the 1993 budget, which has no funds earmarked for continuing the Eurofighter.

Britain has rejected a lighter jet as a waste of \$9.8 billion in development funds and as too puny to match the Russian MiG-29.

Despite the decision, the German Ministry for Research was allocated 80.4 million Deutsche marks (\$52.5 million) to press ahead with a hi-tech aircraft, Strato 2C, that will be used for climate research.



FIRE ABOARD RUSSIAN SHIP — Three passengers of the cruise ship Anna Karenina warming up in blankets on Wednesday after being evacuated from the ship. A fire broke out in the engine room while the vessel was anchored in St. Petersburg harbor.

EUROPEAN TOPICS

Britain's Girl Guides Recognize Women

The British Girl Guides Association said this week it would drop the word "girl" from its title, but rejected suggestions that it should accept males.

The organization will change its name to The Guides Association to reflect its emphasis on recruiting not only girls from 5 years old up but also adult women, according to Jane Garside, the association's chief commissioner. More than 75,000 of the 750,000 members are women at least 18 years old, she said.

The name change for the association, which was created by Royal Charter in 1922 after its formation in 1910, follows the launching of a new uniform and guiding manual in 1990.

But Mrs. Garside said that, unlike the British Scouts (the word "boy" was dropped in 1967), who announced 18 months ago that they would allow girls to join, the Guides would continue to be a girls-only organization. The male organization said it was not sure how many girls have joined. But the Guides Association indicated very few have done so.

Around Europe

Research figures prove that young women do produce better results when they are without the competition of young men.

Mrs. Garside said "We feel that girls develop better and achieve their full potential with their own sex."

Italyan Priests in Veneto

Italian priests in the Veneto region have started to urge wedding celebrants to stop throwing

Croats Told To Leave Serb Areas

By Paul Lewis
New York Times Service

UNITED NATIONS, New York — Fearing that a UN peace plan for Croatia may collapse, the Security Council has called on the government of Franjo Tudjman to withdraw its forces from Serbian areas of the country and accept the deployment of additional UN peacekeepers.

The resolution, adopted unanimously on Tuesday, seeks to reassure Serbs living near UN-protected Serbian enclaves that they will not be mistreated as Croatia reestablishes its authority.

The resolution follows an advance by the Croatian Army this month into one of these Serb-dominated areas — the Croatian forces shelled Kulin, capital of the Serbian enclave called Krajina.

Although the world's attention has been focused on the fighting in Bosnia-Herzegovina, Secretary General Butros Butros Ghali warned last week that the peace established in Croatia last year — after it declared independence from the Yugoslav federation — could collapse as a result of friction over its Serbian minority.

Most Serbs live in special enclaves under the protection of the 14,000-member peacekeeping force; many of them in "pink zones" just outside the enclaves who are worried about security and want to be included in the enclaves. But Croatia refuses to surrender more territory to the UN.

Thus, the Security Council told Croatia to withdraw its military forces from the pink zones and let the UN install monitors to see that Serbs' rights are respected.

Mr. Butros Ghali is worried that without monitors, Serbs in the pink zones will resist the efforts of Croatia to take control of these areas and seek the help of militias from the neighboring enclaves, leading to the resumption of armed conflict.

SIGNAL: Bush's Yugoslav Policy

(Continued from page 1)

plies (down into the city "is just a drop in the ocean.")

The food sent to distribution centers, including canned fish and beef, rice, pasta, flour, mineral water and French combat rations, was due to be handed out through aid organizations and local humanitarian groups.

Six U.S. vessels, carrying 2,200 marines plus assault and troop helicopters, have moved into the Adriatic, according to the Pentagon.

"I hope this sends a signal to the people over there that we're serious," Mr. Bush said during a one-hour appearance on a CBS-TV morning talk show. "Right now, I think the airport is opening again, and I hope it can be done without U.S. force."

Mr. Bush stressed that a step-by-step approach, under the leadership of the European Community and the United Nations, was his preferred option. European leaders and UN envoys feel that the situation is a "European problem," the president said, making it inappropriate for the United States to, in his words, "go ramming in as the sole perpetrator of force."

"I am appalled at the human suffering and the killing in Sarajevo, and we will do what we are called upon to do to utilize whatever we have to see that peace comes to that area," Mr. Bush said.

U.S. officials, including Mr. Cheney, have made a point of contrasting U.S. options in the Balkans with those presented during the crisis in Kuwait, noting that the former essentially involves a civil war while the latter was a cross-border invasion.

Left unstated is the strong likelihood that the Bush administration would not want to see American soldiers fighting and dying on foreign soil so close to a presidential

VOTE:

France Sets Date

(Continued from page 1)

his Socialist Party's wretched showing in local elections in March, when it gained only 18.3 percent of the vote.

"Even after his visit Sarajevo, Mitterrand must not turn this vote into a personal affair if he wants to be sure of victory," said Pascal Perrineau, a political scientist.

"He should stay out of the way, because if it becomes a Gaullist-style plebiscite, a vote of personal confidence in the president, he could be in for a nasty surprise."

De Gaulle resigned on April 27, 1969, after a referendum on reform of the Senate went against him.

In preparation for the September vote, the government said it would distribute a million copies of the Maastricht treaty to town halls throughout the country. It will also distribute 300,000 copies of a booklet titled "Understanding the Treaty of Maastricht — France at the Heart of Europe," setting out the government's case for why the treaty is good for France.

The distribution of the treaty and the booklet clearly reflect a growing awareness among all European governments that they stepped ahead of their constituents in signing the Maastricht treaty in February.

In Denmark, reading of the complex, 253-page treaty produced a sense among some people that a meddlesome European bureaucracy was about to take over their lives and appear to have contributed to the rejection.

It appeared possible, but by no means certain, that the widespread distribution of the treaty in France might have a similar effect.

The referendum follows overwhelming approval last month by a special parliamentary congress of an amendment of the French Constitution.

The amendment opens the way for foreigners from other Community countries to run and vote in local elections.

It also allows the single currency and common foreign, security and visa policy envisaged in the Maastricht treaty.

While the centerist Union for French Democracy of former President Valéry Giscard d'Estaing has come out clearly in favor of the treaty, the more conservative Rally for the Republic of Jacques Chirac is deeply divided.

Both the Communist Party and the extreme rightist National Front have come out against the treaty.

— ROGER COHEN

Seized by Hijackers, 'Vanished' Jet Found

AGENCE FRANCE-PRESSE

CARACAS — A Venezuelan aircraft with 14 people aboard that vanished in flight June 15 in eastern Venezuela has been found safe and sound in Colombia, where it was flown by hijackers, authorities said Wednesday. The plane contained 1,500 kilograms of cocaine.

It belongs to the Venezuelan airline Ruteaca and was found near the Colombian town of Villavicencio, according to statements from the Transport Ministry and Military Intelligence. The 12 passengers and two crew members were being attended to by the Colombian military, authorities said.

De Klerk Faces Major Labor Challenge

Compiled by Our Staff From Dispatches

JOHANNESBURG — South Africa's largest labor federation announced plans Wednesday for a nationwide strike "of unprecedented proportions" aimed at forcing President Frederik W. de Klerk's government to give way to majority rule.

"The only language this government understands is the language of mass action," said Jay Naidoo, leader of the Congress of South

African Trade Unions, which has 1.25 million black members.

The labor group is closely allied with the African National Congress. The two movements launched a protest campaign last month over what they considered government delays in negotiations ending white-minority rule.

The ANC, the leading black group, later called off the negotiations in a new constitution in response to the June 17 massacre of more than 40 blacks in Boipatong township. The ANC accuses the government of instigating township violence.

Mr. Naidoo said the strike would begin Friday, but he did not indicate if it would last more than a day. He said there were tentative plans for the "occupation" of cities, government buildings and the state-run broadcasting company. He did not elaborate on what he meant by that.

(AP, AFP)

ALLIES: French-U.S. Relations, Never Smooth, Unravel as Post-Cold War Era Takes Shape

(Continued from page 1)

France contends that the force, which it sees as the potential core of an army for a united Europe, is an essential response to a changed world in which the U.S. military presence in Europe is being cut and Europe will have to take more responsibility for its own defense. The number of U.S. soldiers in Europe has already been reduced to about 200,000 from 320,000 in 1990.

French officials do not conceal their desire that the "Eurocorps" grow to embrace other countries. "Maybe soon it will be a four-country corps," Defense Minister Pierre Joxe said this week. "The idea is to enlarge."

But the United States and other European countries including Britain and the Netherlands are deeply concerned that the Franco-German force will undermine NATO, and they question its status.

"How do NATO command-and-control mechanisms fit in with this Eurocorps?" asked one U.S. official. "What has to do the German soldiers wear? Whom do they report to? Are they under NATO? Ove NATO? We need answers."

The Germans, ever doing a fine balancing act between their U.S. and French alliances, answer that the corps does not weaken NATO, which remains the cornerstone of European security, and that if anything it brings French soldiers closer to NATO.

The French, meanwhile, contend that there is no other possible course for Europe and privately argue that the Eurocorps initiative should be applauded by Washington because it hitches a newly powerful Germany firmly to Europe.

At the core of the tension, it seems, lies the confusion of a process described by Alan Stoga, the managing director of the Kissinger Associates consulting firm, as "the post-Cold-War sorting through of how the world is going to work."

The French feel they are putting forward a clear vision — a far stronger, more united Europe in which the U.S. is still welcome but in a lesser role.

It is hard to sustain the notion that NATO, the institution of the Cold War, is forever going to survive the end of the Cold War," said Dominique Moïse, the deputy director of the French Institute of International Relations.

The delicate question now apparently facing Mr. Bush and Mr. Mitterrand is how to manage this transition in a way that maintains the fundamental identity of interest that has in the past outweighed the countries' differences. Most U.S. and French officials believe the balancing act is possible but concede that a new phase in relations has opened.

"The danger," said Mr. Hormaux, "is that if the notion persists that Europe and particularly France want to go its own way unilaterally, a lot of people here may want to cut troops a lot more than Europe actually wants."

Dangers also abound in the area of trade, where differences on farm subsidies between France and the United States have long blocked progress in trade talks held under auspices of the General Agreement on Tariffs and Trade. The French contend that Washington wants to weaken the country by cutting its important grain exports, while the U.S. argues that unfair subsidies are allowing French farmers to gain world market share.

A U.S. economic official said that "we are still some way from a breakthrough and keep having misunderstandings with the French."

The French answer, once again, is that Mr. Mitterrand is taking a position on behalf of Europe that is entering a new phase in its relations with the United States.

"We cannot take U.S. orders on GATT," said the official close to Mr. Mitterrand. "A new period of rebalancing the partnership has started in Europe's relations with Washington. It would be extraordinary if the United States needed a weak Europe to feel strong."

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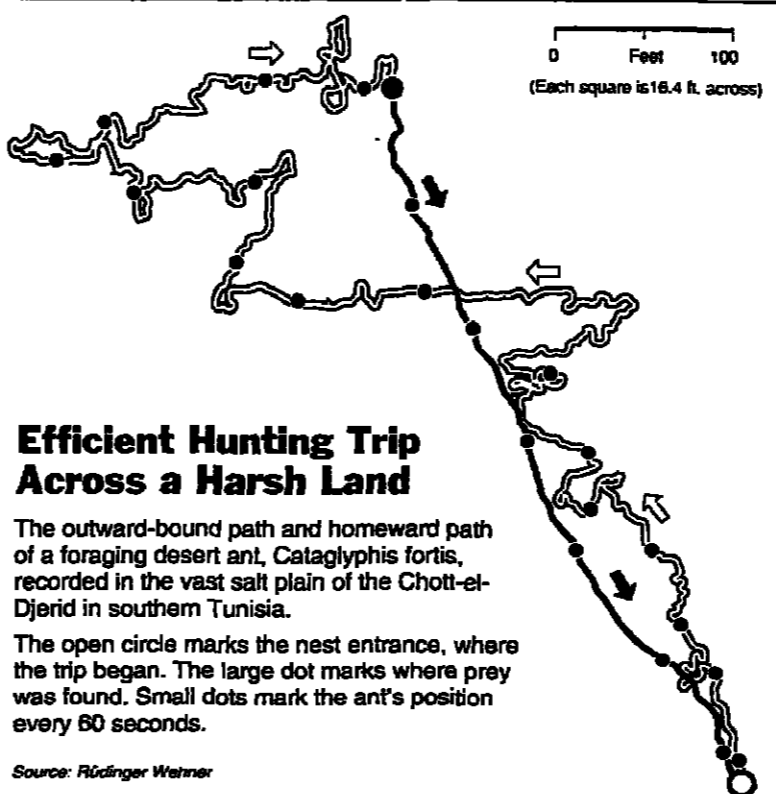
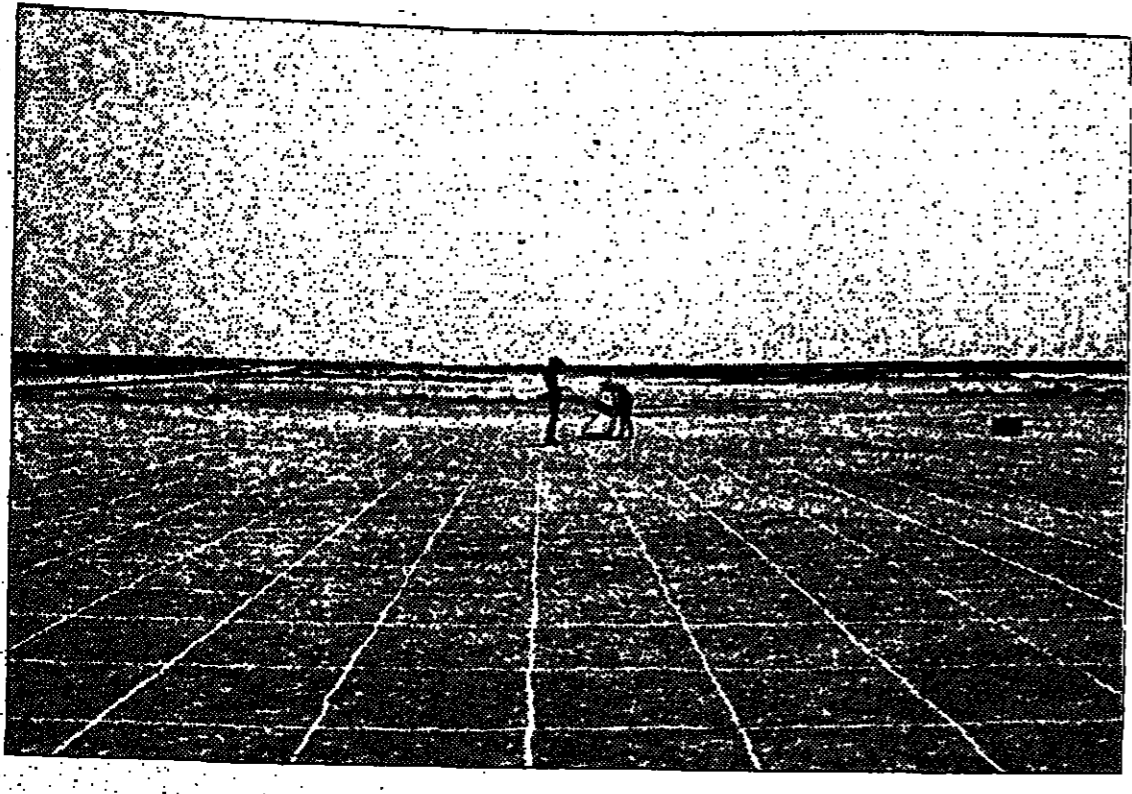
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HEALTH/SCIENCE



Efficient Hunting Trip Across a Harsh Land

The outward-bound path and homeward path of a foraging desert ant, Cataglyphis fortis, recorded in the vast salt plain of the Chott-el-Djerid in southern Tunisia.

Source: Rüdiger Wehner

Researchers track desert ants across a grid to discover how the ants use polarized light patterns in the sky to find their way home after their search for food.

Desert Ants: Pushing Limits of Survival

By Carol Kaesuk Yoon, New York Times Service

NEW YORK — By mid-day, the temperature at the desert's surface has climbed to 140 degrees Fahrenheit (60 degrees Centigrade). As far as the eye can see, there is not even the tinnest patch of shade.

becoming frozen solid. Strange worms and bugs living by deep sea vents survive on toxic chemicals that spew from openings in the sea floor.

of the species, known to ant experts as Cataglyphis. "You can say that they are suicidal," as many ants die while they're going out to forage very close to the upper lethal limit of temperature.

spells on these refuges are vital if the ant is to survive the heat on its long hunting expeditions. In its movements across the burning desert floor, the silver ant tries to touch the ground as little as possible.

patterns of polarized light that arc across the desert sky. "We saw these ants winding along until they found something and then, instead of retracing their outbound path, they take a bee-line or an outline if you will, directly back to the nest," Dr. Wehner said.

New Insight on Prostate Cancer

By Natalie Angier, New York Times Service

NEW YORK — Researchers have discovered the likely reason prostate cancer so often spreads into the backbone, usually a prelude to death from the disease.

from the disease will die of it. Often they will die because the malignancy has spread from the gland to the bones of the spine.

in laboratory dishes. That method yielded the isolation of transferrin, a protein that abounds throughout the body but is particularly concentrated in the bone.

A Protein Clue to AIDS. NEW YORK — The virus that causes AIDS appropriates members of a newly discovered collection of cellular proteins in order to replicate, scientists have found.

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Chlorine in Water Linked to Cancer Prolonged Use Raises Risks

By David Brown, Washington Post Service

WASHINGTON — People who drink chlorinated water for prolonged periods have a greater risk of developing cancer of the bladder or the rectum than people who drink unchlorinated water, a study has found.

bons," many of which are carcinogenic. Aquifers and wells contain a much lower concentration of organic material. Thus, chlorine-treated water from those sources is substantially lower in cancer-causing halogenated hydrocarbons.

Alternative method of purification that still harnesses chlorine's antiseptic power while lowering its reactivity is to also add small quantities of ammonia to water supplies. In this process, called chloramination, chlorine and ammonia combine to form numerous compounds that are less toxic to microbes but also much less reactive with organic contaminants.

Another purification method, currently used by less than 1 percent of American water systems, treats water with highly reactive ozone gas. The gas, however, does not remain active for long, and because it may become essentially undetectable by the time the water is distributed to consumers, making it a less dependable antimicrobial in the view of many engineers.

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Herald Tribune

Talk Won't Save Sarajevo

Relief and relief. A thousand Canadians are winding their way by truck along mountain roads toward Sarajevo to bolster the handful of UN peacekeepers already there.

Algeria's Narrow Road

The assassination of the Algerian head of state cruelly tightens tensions in a country whose torments are being watched nervously across the whole swath of Islamic countries in North Africa, the Middle East, the Gulf, Central Asia and beyond.

A Good Education for All

What must American states do to overcome the legacy of a century of segregation in higher education? They must certainly do more than simply open public college doors to minority students.

Other Comment

Algeria: End to Illusions
Not even a semblance of stabilization has come about in Algeria since the military forced President Chadli Bendjedid to withdraw and Mohammed Boudiaf returned from years of exile to become head of state.

Small Steps Toward Russia's New Revolution

By Robert B. Zoellick
The writer is undersecretary for economic and agricultural affairs and counselor of the U.S. State Department.

WASHINGTON — The Western reform program for Russia, led by the International Monetary Fund, follows a pattern that has become standard for reforming economies.

Legal and bureaucratic obstacles and a shortage of competition block the transmission of price and profit signals to individuals and entrepreneurs. Yet, simple steps could create the building blocks of a market economy.

come under tremendous pressure as demands for assistance and relief accumulate. Despite the outward trappings of a market economy, the reforms do not generate new activity and employment fast enough to buffer the collapse of the old system.

Typical of the problems that Russia faces in transforming its economy — but well below the radar screens in the reform program negotiation — is the Moscow bread market.

Algeria: Has Cold-War Blindness Struck Again?
By John K. Cooley
Nicosia — Algeria, where Muslim activists have murdered a secular, army-backed head of state, is a case study for the West in the consequences of blindly following the Arab proverb, "The enemy of my enemy is my friend."

Libya: Pay the Lockerbie Families Now

WASHINGTON — The families of the 259 passengers and crew members of Pan Am 103 who lost their lives in Lockerbie, Scotland, in 1988 are seeking justice in the Federal District Court in Brooklyn.

A Summit Of Merely Holding On

By Hobart Rowen

WASHINGTON — When President George Bush, at the low point of his popularity, arrives in Munich next week for the summit meeting of leaders of the seven major industrialized nations, he will be in good company.

That was a mistake. The central bank would find it embarrassing to be seen as pressuring White House officials. But Mr. Bush can hope to be up enough to give the Fed a legitimate excuse to lower rates, unrelated to his arm-twisting.

Prime Minister Kiichi Miyazawa also is in trouble at home, where disension has been triggered by financial scandals and a stock market collapse.

Then there is the matter of sluggish global economic growth. The forecast for growth this year in 24 industrial countries was lowered last week from 2.2 percent to a pitiful 1.8 percent.

The summiters in Munich, pleading budgetary poverty, are not going to do anything about that. Mr. Bush and Mr. Miyazawa (and others) would like to see the Germans lower interest rates, as a spur to global growth. But Mr. Kohl's overriding priority is to stem the inflation threat — real or imagined — at home.

Japan will be embarrassed by new, and growing, global trade surpluses, but the Group of Seven is not in a position to tell Mr. Miyazawa to do anything about it. Look for polite, meaningless phrases on this issue.

1942: Rommel's Assault
WITH THE BRITISH ARMY NEAR ALEXANDRIA — [From our New York edition:] Not very far west of Bereh, Field Marshal Erwin Rommel has massed his Axis armored forces invading Egypt for another assault on the positions of the British 8th Army in the region of El Alamein, 70 miles west of the British base at Alexandria.



By HAGEN in Verdonk Gang (Osh). C&W Syndicate.

ABC: Reluc...
NASDAQ
Wednesday's Pulse
Wine and Liqueur

مكتبة الأمل

OPINION

On Abortion: Preference, Not Principle

By George F. Will

WASHINGTON — The Supreme Court is most profane when least principled. On Monday the court produced one pound 14 ounces (900 grams) of opinions about abortion. Its mostly pseudo-constitutional reasoning traces back 19 years to 57 words by which the court reversed its original abortion decision from the U.S. Constitution:

"The right of privacy, whether it be founded in the Fourteenth Amendment's concept of personal liberty and restrictions upon state action, as we feel it is, or, as the District Court determined, in the Ninth Amendment's reservation of rights to the people, is broad enough to encompass a woman's decision whether or not to terminate her pregnancy."

In that Roe v. Wade decision in 1973, the court announced a "fundamental" right to abortion. That right is a subsidiary of the "privacy" right that the court discovered in the Constitution in 1965. As for attaching those two rights to a particular part of the Constitution's text, the court treated that as a trivial detail — almost a matter of taste.

You say the Ninth Amendment, I say the Fourteenth. You say Tomato, I say Tomato. By this 1973 decision, at once frivolous and arrogant, the court "constitutionally disintegrated" (Justice Byron White's words in dissent) 50 state legislatures from deliberating about the proper balance of the many values involved in protecting, or not protecting, fetal life. Now the court has compounded its muddle by affirming the 1973 decision while granting legislatures latitude to enact regulations that do not place an "undue burden" on the abortion right.



Pro-abortion forces say this test gives scant guidance to legislators. They are right and it serves them right. The "undue burden" test is just another flight of judicial legislation. But that is exactly what the pro-abortion forces welcomed 19 years ago when, doing an end run around democratic processes, they incited the court to manufacture an abortion right out of the manufactured privacy right.

Where will the court, which pretends to be constraining the Constitution, find its criteria of "undue burden"? In the Ninth Amendment? The Fourteenth? No, it will find the criteria where it really found the abortion right itself, in the personal preferences and social agendas of various justices.

The court's refusal to overturn the extremism of Roe v. Wade is commended as "moderation." Still, liberals did not get the "worse is better" decision they wanted. An explicit overturning of Roe would have made it easier for them to surf toward electoral victories on a wave of synthetic hysteria.

been hard at it, but they are unconvincing. The culture has moved. More than 90 percent of abortions occur in the first trimester (12 weeks); half occur in the first eight weeks. Even if Roe had been overturned, few if any states would have enacted laws significantly impeding such abortions.

The core of Monday's ruling is contained in the opinion by Justices O'Connor, Kennedy and Souter. They say respect for precedent explains their refusal to overturn Roe. They abandon the Roe precedent of announcing the abortion right "fundamental." Now it is something less, something more subject to regulation. The arrogance that is the essence of all this is revealed when the three justices say the court has called "the contending sides of a national controversy to end their national division by accepting a common mandate rooted in the Constitution."

That is: Chicken, shush. Your arguing is giving us a headache. Democracy is too noisy. Obey the mandate we find "rooted" in the Constitution. Washington Post Writers Group.

History Was Made, but It Hangs On by a Single Vote

By Anna Quindlen

NEW YORK — History was being made Monday. You could tell because Justice Harry Blackmun and Randall Terry agreed on something. Justice Blackmun, the author of Roe v. Wade, and Mr. Terry, the founder of the anti-abortion group Operation Rescue, said the same thing when the Supreme Court decision affirming a constitutional right to abortion, but upholding state restrictions, was handed down.

One vote, they each said, one with anguish, the other with rage. One vote. That is what you need to remember about what happened this week. The ruling on Roe was 5 to 4. One vote: It is not often that those who support legal abortion and those who oppose it agree on anything. But both said the decision was dreadful, and that left many Americans befuddled.

It was a most personal ruling by the court. Justice Antonin Scalia's dissent espousing the overthrow of Roe was angry and dismissive of the majority opinion. "Its length, and what might be called its epic tone, suggest that its authors believe they are bringing to an end a troublesome era," he sniped. Justice Blackmun's frustration at the obduracy of judicial liberalism burst out in an attack on Chief Justice Rehnquist: "The chief justice's criticism of Roe follows from his stunted conception of individual liberty."

But perhaps the most personal part of the decision was that upholding the right to an abortion. Written by Justices Souter, Kennedy and O'Connor, characterized by Justice Blackmun as "an act of personal courage," it stated a central truth, too seldom evoked: "The liberty of the woman is at stake in a sense unique to the human condition and so unique to the law."

carries a child to full term is subject to anxieties, to physical constraints, to pain that only she must bear. That these sacrifices have from the beginning of the human race been endured by women with a pride that ennobles her in the eyes of others and gives to the infant a bond of love cannot alone be grounds for the state to insist she make the sacrifice.

"Her suffering is too intimate and personal for the state to insist, without more, upon its own vision of the woman's role, however dominant that vision has been in the course of our history and our culture."

Those leaders with whom I agree about the necessity of legal abortion concentrated, not upon the eloquent vision in that opinion, but upon the restrictions upheld.

"I think waiting periods make abortion unnecessarily difficult for women who must travel great distances, and parental consent is intended to scare teenagers who must face a judge if they cannot face their mothers."

But it does not serve accurate reporting to say this decision guts Roe. Quite the contrary: Justices once thought hostile to the unique questions of liberty and privacy raised by this issue approached them in ways we did not imagine. I, for one, applaud.

George Bush has shown himself willing to nominate a second-rate jurist to satisfy conservative extremism. "I am 83 years old," Justice Blackmun wrote plaintively of his mortality and perhaps of Roe's. Surely this must shape the election.

One vote. Pennsylvania is important. November is critical. This has always been a personal matter. If you're American, it just got more personal.

The New York Times.

Welcoming Cambodia's New 'Invaders'

By James Pringle

PHNOM PENH — My elderly Cambodian great-aunt by marriage, helping with the dishes after dinner the other day, said: "I've washed these toothpicks. Shall I put them back with the others?"

When told that used toothpicks normally went out with the garbage, she insisted they should be kept. They were, after all, a nice polished Thai variety. After two decades of suffering and isolation through war, Cambodians have become accustomed to saving everything. Foreign ways, however, have come back to the country with the arrival of United Nations peacekeeping troops.

Some of these imported customs are proving quite baffling to the locals. "Why do they show their bottoms to the sun?" asked a Cambodian woman in Kompong Thom as she watched a line of Muslim Indonesian soldiers kneeling in prayer and bending forward to touch their foreheads on the ground. "And how can they pray without using incense?" added the woman, who, like many Cambodians, is a Buddhist.

Foreign soldiers have often brought trouble with them. Vietnamese Communists used eastern Cambodia as a sanctuary from which to attack American troops in Vietnam, until President Richard Nixon ordered an invasion of the officially neutral nation in 1970.

Before that were the Japanese. As a 14-

year-old girl in World War II, my mother-in-law remembers the warning cry: "Drunk Japanese soldiers looking for girls! Hide! Hide!" She recalls hearing their thundering boots on the staircase as she disappeared into an attic hideout.

At least French colonial troops brought the art of making baguettes

MEANWHILE

with them. In Phnom Penh, you can still buy the best bread in Asia.

But Cambodian market women are baffled by the constant request of Australian peacekeeping troops for Vegemite. "What on earth is that?" the women ask my wife, nowadays designated an overseas Cambodian and thus deemed cognizant of such arcane knowledge. For the uninitiated, Vegemite is the brand name of a vegetable extract much eaten in Australia. It looks — and some say tastes — a bit like engine oil.

Despite their odd ways, the blue berets from the United Nations are welcomed as harbingers of peace. By the end of the year, it is hoped, a new generation of better behaved Japanese troops will be here to join peacekeepers from a couple of dozen nations.

This growing Babel often creates mu-

tual bafflement. Bulgarian soldiers are on their country's first UN mission. They look quite out of place among Buddhist temples, palm trees and rice fields. They have no mutually intelligible language with which to communicate with locals.

For a veteran war correspondent, Cambodia under a peacekeeping regime seems a bit topsy-turvy. I first saw the country from a U.S. helicopter during the 1970 invasion. Now I see it from a white-painted Russian copter, a fleet of which have been chartered by the United Nations from a Canadian company.

The Russian pilots look like Americans of a generation ago. They wear T-shirts, sunglasses and baseball caps.

"Don't worry," says one, giving me the thumbs-up sign before taking off to fly us to the headquarters of the rebel Khmer Rouge guerrilla group at Pailin. "We all have combat flight experience against the mujahidin in Afghanistan." Zapping Muslim freedom fighters may have been O.K. during the recently ended war in Afghanistan. But maybe it would be better if the Russian pilots didn't tell that to the Muslim peacekeepers in Cambodia who come from Indonesia, Malaysia, Pakistan and Bangladesh.

The writer, a former correspondent for Reuters and Newsweek in Asia, contributed this column to the International Herald Tribune.

LETTERS TO THE EDITOR

Serbs and Kosovars

The Kosovars (Albanians living in Kosovo) are a proud and passionate people, the largest of the non-Slav groupings in what was once Yugoslavia. They number about 1.7 million out of a Kosovo population of about 2 million. They despise the Serbs, who dominate their lives and have done so since 1913. This intense dislike and distrust is reciprocated in full by the Serbs.

The grounds for ethnic conflict are rooted in history going back to before the Middle Ages. The Serbs claim Kosovo as their homeland, where the Serbian language and culture survived hundreds of years of Turkish occupation. The Kosovars assert that their claim on the land is as long-lasting and that Kosovo was the breeding ground for Albanian nationalism for hundreds of years. Once the Bosnia-Herzegovina issue is settled, one can predict the next move with near certainty. The Serbs will move with force upon Kosovo to stamp out all traces of Albanian nationalism. But the Kosovars have been readying themselves for the struggle they know will occur. They have been buying weapons, improving their ties with Albania proper, looking abroad for support, to Italy and Greece and to the Middle East.

World opinion will not and cannot easily accept another Vukovar or Sarajevo. Blood will almost surely flow. But the

Tyrannosaurus Rex Redux

Regarding "U.S. High Court Blocks Abortions for Trial" (June 16):

I am shocked by the enormity of the recent decision of the U.S. Supreme Court sanctioning the kidnapping of known or suspected criminals living in foreign lands.

I hope jurists and political leaders of all nations, regardless of their stripe, are likewise shocked, and are planning to do something collectively, and soon, to stop the tyrannosaurus rex that the United States is on its way to becoming.

A. A. LIKER, Paris.

Eye of the Beholder

Regarding "A Gallery Built for Magritte, and Vice Versa" (Art, June 13):

What Sourin Melikian fails to explain in his grumpy review of the Magritte show at the Hayward Gallery in London is why the Belgian painter continues to have such a worldwide impact. If Magritte's work is really as obvious and tiresome as Mr. Melikian makes it out to be, then the fact that so many people see the pictures as exactly the opposite — as subtle and fascinating — is surely an oddity worth investigating.

CLEVELAND MOFFETT, Brussels.

To Save South Africa

The African National Congress is spurred by the Communist ethos, which requires intimidation and force to achieve what it needs. Unlike other groups in South Africa, Inkatha and the Zulus will not allow themselves to be intimidated by anybody. Both the Inkatha Freedom Party and the ANC must of urgent necessity do everything in their power to end hostilities between their members and supporters. This will save South Africa from imminent catastrophe. This does not rule out possible involvement of any genuinely concerned international institution for mediation between Inkatha and the ANC. But this particular aspect of the conflict needs a black solution.

BEN M. SKOSANA, Inkatha Permanent Representative, London.

DAVID ANDERSON, Berlin.

Editor's note: The writer was U.S. ambassador to Yugoslavia in 1981-85.

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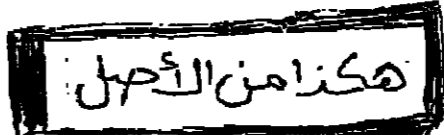
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INTERNATIONAL MANAGER

How Sony Is Developing Taste for Classical Music

By William Grimes

NEW YORK — Sometimes, desperation leads to inspiration. And the best response to a challenge is to throw food at it.

Dinner Classics has become a solid hit since it was introduced in 1989.

In April a third series appeared, making a total of 15 compilations covering such gustatory occasions as picnics, dessert, Sunday brunch and breakfast in bed, the last so popular that it has inspired a Hollywood-style sequel, "Breakfast in Bed 2."

"People would call and say: 'I'm having friends over. Do you have a tape?'" said Laraine Perri, executive producer of the series. "I realized there was a vacuum here."

See TASTE, Page 12

Signals Mixed On U.S. Recovery

Manufacturing Slowed, Building Rose During June

WASHINGTON — The economy sent out more mixed signals Wednesday about the stamina of the recovery as construction expanded slowly and manufacturing cooled.

Waigel Dangles Prospect of Cut In German Rates

BONN — Finance Minister Theo Waigel held out the prospect Wednesday of a cut in German interest rates, but sources said Bonn would not be forced by its main trading partners, at the Group of Seven summit next week, into a premature easing.

Mr. Waigel said he expected German inflation to drop in the second half. "This, in our view, increases chances for a drop in interest rates."

But sources close to the Bundesbank said it was unlikely to announce a cut in short-term lending rates at its meeting Thursday, in spite of American appeals to do so.

Mr. Waigel also said a 2.5 percent rise in government outlays projected in the 1993 budget sends "an important financial signal" to other members of the Group of Seven that Germany has lived up to its commitments it made to them in January.

They are being prodded to do so by President George Bush, who said Wednesday in a television interview that he would like to see lower interest rates. But he said he did not want to put undue pressure on the Fed.

The newest reports are not the only ones to paint a muddled picture of the economy. Orders for big-ticket durable goods, new homes and existing home sales declined in June. But the index of leading indicators, a barometer of future economic growth, rose 0.6 percent in May.

Another dark sign from the purchasing managers report was news that employment at manufacturing companies fell in June at a faster pace than in May. With several big companies announcing layoffs this week, further declines may show up in the survey in coming months.

On Thursday, the Labor Department is scheduled to release unemployment data for June. Analysts expect modest employment growth — about 96,000 jobs — with an unchanged jobless rate of 7.5 percent.

Baker Seeks G-7 Growth Secretary of State James A. Baker 3d said the United States hopes the summit meeting in Munich of the Group of Seven nations next week "will send a pro-growth message that will reinforce the recovery already under way in several G-7 economies, including our own," AFP-Extel news reported.

Russia Releases the Ruble but Cuts a Safety Net

By Eleanor Randolph

MOSCOW — Major economic reforms swept through the Russian marketplace Wednesday as the government released the ruble into a "controlled float" and decreed the end to automatic state support for money-losing enterprises.

While some Russians hailed their new financial freedoms, some analysts predicted the onset of financial collapse.

The acting prime minister, Yegor T. Gaidar, meanwhile, warned Russian legislators that the government budget deficit was running out of control.

The Russian government, which had said it would free the ruble on Wednesday to compete with international currencies, instead moved to what some analysts called a controlled float designed to replace a complex, archaic currency system with a floating ruble rate based on trading at the Moscow Interbank

Currency Exchange. On Wednesday, the ruble was set at 125.26 to the dollar.

At the same time, Mr. Yeltsin signed a decree that will allow the government to collect debts from state enterprises. Previously debts were recorded under a system called the Kartoteka, which recorded the debts but took no action on them.

Once this paper debt turns into real debt, some analysts have suggested that many of the huge Soviet-style industries will go bankrupt, sending millions of people in search of new jobs.

The moves, which came after Mr. Yeltsin's cabinet on Tuesday approved a broad program of economic reform, were expected to give the Russian president a powerful card to play in Munich next week, when he is scheduled to meet the Group of Seven industrial nations.

However, as the Russian parliament approved the 1992 budget on principle on Wednesday, deputies

raised their voices against the Yeltsin government's reforms. The chairman of the budget planning committee, Alexander Pochinok, called it "a provisional message from a provisional government."

Another opponent, Mikhail Chelnokov, challenged Mr. Gaidar to a duel.

Mr. Gaidar did not answer the challenge but argued that instead of returning to massive central support for former Soviet industries, the federal government has to lower the deficit. "We have begun to allow ourselves to spend more than we can afford," he said.

The acting prime minister, who has been trying to persuade anti-Yeltsin deputies not to lower taxes, said the state budget deficit last month was 60 billion rubles (\$479 million) — half of the deficit for the last five months. The deficit has widened as the government has tried to soften some of the more drastic reforms that Mr. Gaidar

and Mr. Yeltsin have been putting into effect.

Ultimately, aid from the International Monetary Fund worth \$24 billion is at stake, as well as continued support from Western nations trying at different levels to help shore up the Russian economy as it attempts to switch from centralized control to a market economy.

The removal of a safety net from Russia's long-protected industries is the most politically daring of Mr. Yeltsin's moves, analysts said.

"This could cause serious economic problems for companies," Aleksei Mikhailov, an economist, told Reuters. "It could mean closures and the emergency of mass unemployment that could reach tens of millions by the end of the year."

Moscow region officials estimated that with the new reforms, unemployment in the city of more than 9 million would reach 500,000 by the end of the year.

Andrei Nepochayev, the Russian economics minister, argued that the economy was "still viable" and that unemployment would reach about 3 million in Russia, with a total population of about 147 million, by year-end.

"Today a number of industries are no longer effective," Mr. Nepochayev said of the huge complex that were the pride of the Soviet state. "They are effectively stopped. The main task of the government is to make this process manageable and less painful."

Although the Yeltsin government stepped away from making the ruble freely convertible, an action that would have dramatically lowered the buying power of most Russians, the modified convertibility serves to get rid of a complex, multilayered system of exchanges. It should also allow ordinary Russians to purchase foreign currencies for rubles, a transaction that was not allowed except for those planning to leave the country.

U.S. Steel Dumping: Accused Strike Back

BRUSSELS — The EC Commission, the European Community executive body, accused U.S. steelmakers on Wednesday of trying to impede trade by lodging anti-dumping complaints against Japan and 20 other countries, including seven EC members.

The EC commissioner for external relations and trade, Frans Andriessen, was quoted by a spokesman as saying that his "worst fears" have been realized.

"He could not avoid the feeling that these actions were not a consequence of the judicious use of commercial defense instruments by the main U.S. steel producers, but a clear attempt to harass normal trade flow," the spokesman added. He said Mr. Andriessen had called for urgent talks on the complaints.

Major U.S. steel producers accused 21 foreign nations Tuesday of dumping steel at below cost and illegally subsidizing exports. The American companies asked that offsetting duties be imposed on the foreign steel.

In Tokyo, the Japanese government and an industry trade group brushed aside as "unwarranted" Wednesday the U.S. anti-dumping petitions. Japan's Ministry of International Trade and

Industry will call for talks among Japan, the United States and the European Community to lay the groundwork for new multilateral arrangements on steel trade, press reports said.

Hiroshi Saito, chairman of the Japan Iron and Steel Federation, said the action by the U.S. steel companies "will confuse orderly

The EC said its new firm agreement puts pressure on the United States, Page 11.

global steel trade and it is hard to say that it was a wise decision for the U.S. steelmakers themselves.

In the year ending next March, Japan's top five steelmakers say they expect a 47 percent decline in their combined pretax profit to 144 billion yen (\$1.14 billion), the economic daily Nihon Keizai reported.

"The company receives no subsidy of any kind," a spokesman said, "and it owes its current presence in the world steel market to its consistent application of legitimate commercial and management practices."

Meanwhile, Canadian producers said they would counter the U.S. accusations by presenting their own demands for an inquiry into unfair commercial practices regarding imports from several countries, including the United States, Industry Minister Michael Wilson said Wednesday.

The American companies said shipments of flat-rolled steel, used in cars, ships, construction and consumer durables, had contributed to billions of dollars in lost sales and had cost thousands of American jobs.

The charges are due to be investigated by the U.S. Commerce Department to see if in fact there has been dumping or subsidies and, if so, by the International Trade Commission to see if American companies had been injured.

The EC Commission, which represents the 12 EC members at the General Agreement or Tariffs and Trade, the world trade body, called on the United States to apply strict legal rules during these proceedings. (Reuters, AFP)

CURRENCY RATES

Table with columns for Country, Rate, and Date. Includes entries for Great Britain, France, Germany, Italy, etc.

INTEREST RATES

Table with columns for Instrument, Rate, and Date. Includes entries for Eurocurrency deposits, U.S. money market funds, and Gold.

Branson Envisions Virgin Rail

Cash Rich, He Covets British Rail

LONDON — Richard Branson predicted Wednesday that his Virgin Atlantic Airways would double its current size and be served by a network of special trains by early in the next century.

Mr. Branson is positioning himself, he said in an interview, to buy into the state-owned British Rail as soon as the government starts selling it off.

The sale of his music business in March to Thorn EMI PLC for \$500 million (\$350 million) has left him cash rich.

"It's a new challenge," he said, adding that he hoped to be the first to have private railway services running in Britain.

He has already talked to the EC Commission about operating trains through the Channel Tunnel between Britain and France when it opens, and he has his eye on links between central London and the Heathrow and Gatwick airports.

Trains could provide a feeder service for Virgin's long-haul flights, he said. He talks about spending in the tens of millions rather than in the hundreds of millions to set up such a network, saying, "Trains are a lot less expensive than planes."

By the end of the decade, he said the airline should have a fleet of 16 to 18 large long-haul aircraft serving 12 major cities. Its eight 747s now serve seven destinations.

But Mr. Branson at the same

BR Reports a Big Loss

LONDON — British Rail, the state-owned railroad, reported a heavy net loss Wednesday for the year ended March 31, while revenue rose a modest 2.4 percent.

BR said it incurred a net loss of £144.7 million (\$276 million) far wider than its loss of £10.9 million a year earlier. British Rail said its operating loss widened to £101.4 million from £42 million.

Revenue in the fiscal year edged up to £3,151 billion from £3,077 billion. British Rail said revenue was depressed by lower business volume because of the recession.

The government plans to denationalize BR, which blamed its loss on reduced demand for passenger and freight services.

Two years ago, BR earned £270 million, but this year most sectors showed a deficit and services in London and the southeast were particularly heavily hit.

Income from property sales fell 55 percent, to £53.9 million, after falling more than 30 percent the year before. InterCity, the flagship national service, saw profit slump to £2 million from £49.7 million.

The government, which on Monday introduced the early stages of legislation on the partial sell-off of BR, and is to announce its plans in full in two weeks' time, did not comment on the results.

But Derrick Fulford, general secretary of the train drivers' union, said that "only a huge would want to take out a franchise."

Half-Price Fares Help AMR Set Traffic Record

DALLAS — American Airlines said June was the busiest month in its corporate history as half-price fares helped boost passenger traffic 20.3 percent.

A unit of AMR Corp., American Airlines said revenue passenger miles grew to 8.9 billion from 7.4 billion in June 1991. Traffic rose about 16 percent on domestic routes, to 6.7 billion revenue miles.

American Airlines was the first major carrier to report results for June, the month that included a flood of half-price domestic tickets sold during a two-week fare war.

In Washington, the American Airlines chief, Robert Crandall, said restrictions on foreign ownership of U.S. airlines should be loosened if greater access abroad is provided to U.S. companies.

Meanwhile, in Geneva, the International Air Transport Association said air passengers increased by 17 percent worldwide in May compared with the figure a year earlier. The trade group called the figures disappointing, saying growth was only moderate in view of the depressed traffic levels during the comparison period in 1991.

(Bloomberg, AFP)

Perot Misjudges Citibank in Business and Politics

company's stock late last year, and again on March 25, so he could sell it.

That practice, known as short selling, would produce a profit for Mr. Perot if the price of Citicorp stock declined and he was able to buy shares at a lower price than the borrowed stock that he sold.

While Mr. Perot's thinking about the problems of the banking system and the measures that might improve its health remain unclear, the available information strongly suggests that as an investor, he badly misjudged Citicorp's prospects. Since the times Mr. Perot in effect placed bets that Citicorp stock would fall, its price has risen steadily.

Citicorp shares ended at \$21 on Wednesday, up from \$10.375 on Dec. 30, 1991, when Mr. Perot borrowed more than \$1 million worth of stock from Goldman, Sachs & Co., and \$17 on March 25, when he borrowed more than \$1 million worth of stock from Jefferies & Co.

In recent months, Wall Street has judged Citicorp far healthier than Mr. Perot did. Several banking analysts have issued positive reports about the company, and the stock has risen sharply this year as its profit outlook has improved amid cost-cutting and a slowdown in the slowing of loans.

The problem for Citicorp the last few years has not been, as Mr. Perot said, its losses on loans to less-developed countries.

Instead, the problem recently has been losses on commercial real estate, where 25 percent of Citicorp's \$12.3 billion of loans were delinquent or not expected to be repaid in full and it held an additional \$2.3 billion of real estate from foreclosed loans.

Assertions that Citibank and other large banks were

PARINTER FUND

En conformiteé avec les dispositions de la loi et du Règlement de Gestion du Fonds Commun de Placements "Parinter Fund", les administrateurs de Parinter Management Company S.A. et la Banque Dépositaire ont décidé de commun accord d'apporter sous les actifs du Fonds Commun de Placements "Parinter Fund" au comptes annuels 1991, les modifications suivantes:

Le SicaV "PARVEST" "Fonds Coordonnés" au sens de la Directive Européenne du 20 décembre 1985, est composée de participations de catégories "A" et "B", "obligataires", "Cash Term" et "Diversifié".

Les actionnaires de la SicaV "PARVEST" ont la faculté de convertir leurs actions d'un compartiment à l'autre à des conditions de faveur et des modalités d'exécution qui ne sont pas soumises aux conditions de marché.

Les actifs du compartiment "Parvest International Equities" sont, comme l'ensemble des autres compartiments, répartis en deux classes d'actions: "A" de distribution et de actions "B" de capitalisation, tel que cela est défini au point 8 du prospectus d'émission.

L'ensemble des actifs de Fonds "Parinter Fund" sera apporté au compartiment "Parvest International Equities" dans la politique d'investissement au sein de la SicaV "Parinter Fund".

En comparé de l'appartenance de ses actions, "PARVEST" surbaussé à "Parinter Fund" un nombre d'actions de la catégorie "B" du compartiment "Parvest International Equities" dont la valeur sera équivalente aux avoirs apportés. Lors de la dénationalisation, il sera proposé que les actions de "Parvest International Equities" ainsi qu'elles soient attribuées aux porteurs de "Parinter Fund" proportionnellement au nombre de parts qu'ils détiennent.

Tout propriétaire d'actions "B" du compartiment "Parvest International Equities" ainsi qu'il le souhaite, à tout moment, obtient l'échange de ses actions "B" contre des actions "A" de "Parvest International Equities". Cet échange s'effectue à raison d'une action "A" de "Parvest International Equities" pour une action "B" de "Parvest International Equities" jusqu'au détachement du coupon N° 1 des actions "A". Après cette date, l'échange s'effectuera sur la base de la parité qui sera établie à ce moment et qui restera d'application jusqu'au détachement du coupon suivant.

De ce qui précède, il est possible de conclure que l'apport des actifs de "Parinter Fund" à "Parvest International Equities", SicaV à compartiments multiples, constitue une réelle opportunité pour le Fonds et ses participants.

LUXFUND SICAV Valeur nette d'inventaire au 26.06.92 U.S.\$116.19

CONSEIL EN INVESTISSEMENT BALLEMONT BANQUE 26, RUE MURILLO - F-93008 PARIS

Luxembourg, Juin 1992 Par ordre du Conseil d'Administration, J. Pierson Secrétaire Général

MARKET DIARY

Hopes of Rate Cut Push Dow Higher

Compiled by Our Staff From Dispatches NEW YORK — Prices on the New York Stock Exchange moved sharply higher Wednesday, as a flood of new money and continued hope for an interest-rate cut boosted blue chips.

The Dow Jones industrial average, in the first day of trading in the third calendar quarter, climbed 35.58 points, to 3,354.10.

Shares advancing led those declining by about 2 to 1. Volume rose to 214.24 million shares from 195.52 million traded on Tuesday.

A weaker-than-expected June purchasing managers report fanned speculation that the Federal Reserve Board would loosen credit restraints soon. June jobs data is to be released Thursday.

President George Bush has been pressuring the Fed to push down interest rates in a bid to stimulate the sluggish economic recovery. If the employment numbers mirror the weak trend seen in other reports, analysts say there is a chance the Fed will take action.

The higher-than-anticipated drop in the purchasing managers index gives the Fed leeway to be accommodative if they want to do that, said A.C. Moore, market analyst at Argus Research Investment Management. The managers' index fell to 52.8 percent, below the projected level of 53.7 percent.

"I think we got some shorts-covering from aggressive traders," said John Blair, head trader at County NatWest. "I'm not bearish, but I don't think this is the start of a big rally. The political uncertainty is going to really stall people."

Robert Stovall, president of Sto-

val/21st Advisers, said institutions sprang into action to snap up bargains among some of this year's depressed sectors. "A lot of stocks that underperformed that were probably cleaned out of portfolios were being picked up today."

Mr. Moore said the rally was also due in part to the market's lift from oversold levels and seasonal influences that have historically sent stocks higher before a long holiday weekend. U.S. markets are closed Friday for Independence Day.

For the near-term, the jobs report will be the biggest influence. Economists see payrolls rising by 90,000 in June.

Glaxo Holdings was the most active NYSE issue, easing 1/4 to 25 1/2. Waste Management followed, rising 1/4 to 24 1/4.

Philip Morris was third, climbing 3/4 to 76 1/4. Bradlees closed at 12 1/4 on its initial day of trading. Its 11-million-share offering of common was priced at \$13 a share. The discount retailer was spun off by the Stop & Shop supermarket chain. Stop & Shop slid 1/4 to 13 1/4.

Among blue chips, IBM edged up 1/4 to 98 1/4 and Merck rose 1/4 to 76. Coca-Cola was up 1/4 to 41 1/4 and Alcoa climbed 1/4 to 77 1/4.

Quarterdeck Office Systems led the over-the-counter actives, sinking 6 1/4 to 5 1/4 after saying it expects to post fiscal third-quarter earnings of 3 cents to 5 cents a share, down from 14 cents a year ago.

Oracle Systems was up almost 2 points as several analysts increased fiscal 1993 earnings estimates after the software maker posted better than expected fourth-quarter earnings. (Reuters, Bloomberg, UPI)

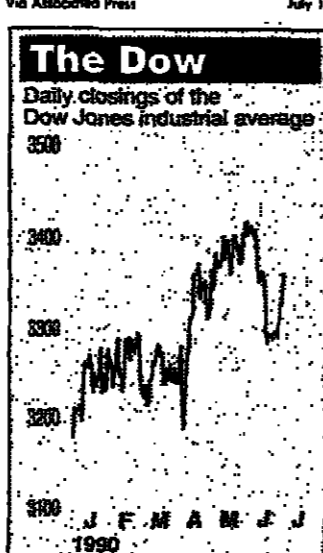


Table titled 'NYSE Most Actives' listing top trading volumes for various stocks like Glaxo, Waste Management, and Philip Morris.

Table titled 'NYSE Daily' showing daily market statistics including volume, advancers, decliners, and net issues.

Table titled 'NASDAQ Daily' showing daily market statistics for the NASDAQ exchange.

Table titled 'Amex Diary' showing daily market statistics for the American Stock Exchange.

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Dow Jones Averages

Table showing Dow Jones averages for Industrial, Transportation, Utilities, Finance, and Composite.

Table showing NYSE Indexes for Composite, Industrials, Transportation, Utilities, and Finance.

Table showing NASDAQ Indexes for Composite, Industrials, Transportation, Utilities, and Finance.

Table showing ANEX Stock Index for Composite, Industrials, Transportation, Utilities, and Finance.

Table showing Dow Jones Bond Averages for 30 Bonds, 10 Industrials, and 10 Government.

Table showing Market Sales for NYSE, NASDAQ, and ANEX.

Table showing NYSE Odd-Lot Trading for various months.

Table showing S&P 100 Index Options for various months.

EUROPEAN FUTURES

Table showing European futures prices for SUGAR (FOX) and COFFEE (FOX).

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For the Record

Lead's End Inc. said it would start marketing its products by computer through Prody Services Co., a partnership between International Business Machines Corp. and Sears, Roebuck & Co. (Reuters)

The House of Representatives has voted to prohibit the use of federal tax money to promote U.S. tobacco overseas. (AP)

BAF Corp., a unit of BASF AG, said it plans to cut 240 jobs out of a 755-person work force. One part of the plan calls for terminating computer tape production in Bedford, Massachusetts. (AFX)

BCCI: Saudi Charged With Fraud

(Continued from first finance page) section with the illegal acquisition of First American by BCCI.

Until it collapsed last year, BCCI had branches in more than 70 countries, where its officers took in deposits, stole some of the money, and used the rest to pay obligations and keep themselves free of suspicion, Mr. Morgenthau said.

Scheme to defraud is punishable by a maximum of four years in prison. (Reuters, AP)

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Dollar Ends Higher In Nervous Trading

Compiled by Our Staff From Dispatches NEW YORK — The dollar posted modest gains on Wednesday after a day of nervous trading that triggered stop-loss orders as the currency rose through key technical levels against the Deutsche mark, yen and Canadian dollar.

In the morning, a weaker-than-expected report from the National Association of Purchasing Management sent the dollar down to 1.51 DM. But after trading closed, the dollar moved up as traders squared positions ahead of Thursday's U.S. June payroll data.

The dollar ended at 1.5237 DM, up from 1.5227 DM, and at 125.35 yen, up from 125.625 yen. It also rose to 1.2023 Canadian dollars, from 1.1989 dollars.

The U.S. currency advanced to 1.3700 Swiss francs from 1.3725 francs, and was unchanged at 1.9405 French francs. The British pound was also unchanged, at \$1.9045.

Tom Hoge of Credit Suisse said technical charts still looked bearish for the dollar. "We haven't taken out any important resistance levels," he said, noting that the current-

"It was a bit busy once the NAPM index was released," said Belal Khan, a senior customer dealer at Bank of Tokyo. "There was some speculation that the number tomorrow would be poor because the employment component of the NAPM was poor," he said, referring to Thursday's scheduled employment report.

Economists expect the Labor Department report to show a rise of 90,000 in June non-farm payrolls. The jobless rate is seen moderating to 7.4 percent from 7.5 percent.

Earlier, in European trading, the dollar was sharply lower. The dollar fell to 1.5155 DM in London, down from 1.5240, and to 124.98 yen, down from 125.90 yen.

The U.S. currency slipped to 1.3665 Swiss francs from 1.3760 francs, and to 5.0975 French francs from 5.1360 francs. The British pound gained to \$1.9033. (Reuters, Bloomberg)

WORLD STOCK MARKETS

Table showing world stock market indices for various regions including Amsterdam, London, Milan, Helsinki, Hong Kong, Frankfurt, Johannesburg, Madrid, Tokyo, Sao Paulo, Singapore, Stockholm, Paris, Zurich, Sydney, and Johannesburg.

Markets Closed

The stock markets in Montreal and Toronto were closed Wednesday for a holiday.

Table showing world stock market prices for various countries including the US, Canada, Europe, and Asia.

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TASTE: At Sony Records, Classics Are Repackaged as 'Music to Eat By'

(Continued from first finance page) selection of Neapolitan tunes, performed by the Orchestra de la Casa Europa, under the baton of Maestro Renato Fantini, promised to be "your passport to travel via the haunting folk songs, the popular music and the scoring operatic..."

Customers who reached for "Music and Food of Jewish Peoples" got a 206-page cookbook written by Jeannie Grossinger and appropriate backup from the Joseph Korda Players, who offered hours and wedding dances.

The fifth package, "The Art of Mixing Drinks and Music" offered a modified version of the "Esquire Drink Book" and "America's foremost jazz rhythm section performing smooth backgrounds."

The most important ingredients in any music and food collection were mood and romance. Music Mianus One understood this mix. Its

People would call and say: "I'm having friends over. Do you have a tape?" I realized there was a vacuum there.

Laraine Perri, executive producer of Dinner Classics.

arias of this land of history and high spirits, Italy. Let's go! The restaurant industry has been using music for years, of course, with profits, restaurants are a very easy sale because they know the benefits of music," said Ellen Goldblatt, market research manager for Muzak, which does about a

evening encourages diners to linger and run up the bill. Increasingly, the musical content is likely to be tailored to the cuisine and the clientele. "The market is so competitive, and there are so many food-service outlets, that restaurants realize there's much more to it than just serving a dish," said Wendy Web-

ster, spokeswoman for the National Restaurant Association. "Also, there's been an ethnic explosion, and each one of those groups has a musical tradition." Heidi Kim, a sales clerk at Tower Records in Los Angeles, said she has helped a number of restaurants put together a package of classical tapes. The need for assistance runs deep.

AMEX Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: High, Low, Stock, Div, Yld, PE, High, Low, High, Low, P.A. Chg. Lists various stocks and their performance.

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Advertisement for THE CHASE/HERALD TRIBUNE SCHOLARSHIP INSTEAD MBA Program. Includes text about the program and a photo of three men.

Advertisement for CHASE featuring a large image of a man in a suit and the Chase logo.

Advertisement for Herald International Tribune featuring the logo and text about the publication.

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Large vertical advertisement for Li & Fung Family Business, featuring a large image of a person and text about family business solutions.

Handwritten text at the bottom of the page: مكنا من الأهل

Li & Fung's Modern Ideas Family Business Relists and Looks to China

HONG KONG — William Fung scours China for products that his grandfather never heard of. Ceramics molded like watermelons, Navajo design baskets, anything with a Scandinavian look. With U.S. business degrees and modern management strategies, Mr. Fung and his older brother, Victor, have set out to transform the family business, one of Hong Kong's oldest trading houses, into a specialized, publicly held company. As part of its revitalization effort, Li & Fung Ltd. relisted on the Hong Kong Stock Exchange on Wednesday. The shares opened at 2.60 Hong Kong dollars (34 cents) each, rose as high as 2.70 and closed at 2.50, up 13.6 percent from the 2.20 offer price. Li & Fung said the offering of 12.5 million shares was 27.2 percent oversubscribed. Li & Fung also plans to open up more offices in China, hoping to benefit from Beijing's renewed push to implement economic reforms initiated by the senior leader Deng Xiaoping early this year. "We have four offices in China now and we plan to double or triple the number of offices over the next two years," Mr. Fung said, adding the first could be set up in Beijing and Tianjin this year. He reasons that manufacturers will gradually move factories northward through China as land and labor prices rise in the prosperous south. Decentralization of foreign trade will mean more competition and thus cheaper prices, and closer cooperation between Li & Fung and individual factories. "Li & Fung has flourished and languished along with the fortunes of China since it was established in 1904. We lost everything in 1949," Mr. Fung said, "but we expanded very quickly in Southeast Asia with my father's strong network of friends. Now we are seeking to re-establish our ties in China." The brothers privatized the company in 1985 in an effort to streamline activities and allow uninterested relatives to sell out. Family members, who held 75 percent, were divided over Hong Kong's future following a Sino-British agreement to hand back sovereignty of the colony to Beijing in 1997. Li & Fung was a "fairly sleepy company and not performing particularly well at the time," said John Mulcahy, a research director at Peregrine Securities. "It seemed to have lost direction." William and Victor, who heads Prudential Asia Investments Ltd. and also is Li & Fung's managing director, also believed the company should specialize rather than diversify into too many areas. "We did not want to be a conglomerate," William Fung said. "We thought there is tremendous opportunity as China opens up and we just wanted to be the best damn trading company in Hong Kong." Mr. Fung's grandfather, Fung Pak Lin, and Li To Ming, set up Li & Fung in Guangzhou in 1906 to export fireworks and handicrafts to the United States. It was one of the first Chinese-owned companies to break into the China trading business, dominated at the time by Western houses such as Jardine Matheson and Hutchison Whampoa. At the end of World War II, the two men moved the company's base to Hong Kong and Mr. Fung bought out Mr. Li's shareholdings. Li & Fung expanded its export business to garments, toys and electronics and diversified into warehousing, ship chartering and manufacturing handicrafts. In 1991 it registered sales of 2.83 billion Hong Kong dollars, sourcing from more than 900 factories in China, Taiwan, South Korea and Southeast Asia for major U.S. brand names such as the fashion retailer Limited Inc. While the Fung family is well-respected and well-connected in Hong Kong — Victor Fung is head of the Hong Kong Trade Development Council — Li & Fung has a reputation for being a bit boring. The Fungs hope to shake off some stodginess with the relisting. But while the share offer was successful, some analysts say investors are more interested in the Fungs' privately held retail businesses, the local operations of Toys 'R Us and Circle K. Mr. Fung said he has no plans in the future for the family, whose retail holdings and property investments are now worth more than Li & Fung. "We will bring our retail business out when the time is right, maybe in two to three years," he said.

Australian Data Show Recovery To Be Faltering

SYDNEY — Australia's current-account deficit narrowed in May, the only positive news in a set of statistics that otherwise show the economic recovery is faltering, analysts said Wednesday. A 3.8 percent decline in new car registrations in the month and a 4.5 percent drop in housing approvals hit the Australian dollar, as the figures added to speculation that interest rates would be cut. The currency fell to 74.50 U.S. cents from 74.71 cents on Tuesday. "Recovery has been mild to the point of being anemic," said Don Stammer, chief economist at Bain & Co. The low current account deficit — which totaled 650 million dollars (\$485 million) in May, down from 844 million dollars in April — fueled the belief that interest rates could be cut by one percentage point without risking a surge in imports. Some analysts said a rate cut could come after the central bank meets on Tuesday.

IBM and Hitachi Join To Build New Printer

TOKYO — International Business Machines Corp. and Hitachi Ltd., extending their cooperative links, have agreed to develop a generation of system printers for use with large computers, the companies said Wednesday. Details would not be available until next week, an IBM spokesman said. According to the Nihon Keizai newspaper, the two companies plan to start production of the new printer as early as next year. It would be marketed worldwide by IBM, and could sell for as much as \$635,000. The global market is estimated at \$2.4 billion. Hitachi already supplies IBM's fully owned printer subsidiary, Pennant Systems Co., with its system printer's core engine, which contains a laser and printing drum. The Pennant unit is responsible for the complex controller software that manages the flow of work to the printer from a midrange or mainframe computer. IBM was known to be expanding its OEM business under the restructuring, and had predicted that it would grow from several hundred million dollars in sales in 1991 to \$3 billion annually by 1993. In May, Hitachi announced a 33 percent drop in profits for the 1991 fiscal year and predicted a further decline. (Reuters, AFP)

Investor's Asia: Table showing stock market indices for Hong Kong, Singapore, Kuala Lumpur, Bangkok, Seoul, Taipei, Manila, Jakarta, New Zealand, and Bombay. Includes columns for Exchange, Index, and National Index.

Japanese Shy From Hong Kong Holdings

HONG KONG — Japanese real estate investors, bailing out of Hong Kong's booming market, have put more than 4 billion Hong Kong dollars (\$513 million) of commercial office space up for sale in the past 10 months, a property report said Wednesday. Japanese investors' retreat from the territory, one of the few markets in the world where it has been possible to sell out at a profit, "was due to the economic troubles back home," said the Jones Lang Wootton report. The sales of commercial offices by cash-strapped Japanese companies and individuals between September 1991 and June 1992 totaled 4.028 billion dollars, the report said. Jones Lang Wootton said Japanese interests bought 1.6 billion dollars of general Hong Kong property in 1986, 4.4 billion dollars in 1988 and 11.2 billion dollars in 1989. But the report said the retreat was by no means a total one as there have been reports of big Japanese trading houses and long-term investors in Hong Kong still buying at the right price. In the absence of Japanese investors, companies from China are now the largest buyers of commercial property in the territory, the report said.

Taiwan Seeks Aerospace Ties

TAIPEI — Taiwan Aerospace Corp., with its link to McDonnell Douglas Corp. reported in jeopardy, Wednesday said it was discussing ventures with Russia and Britain. Russian officials were here to discuss proposals to help Taiwan build aircraft, the Taiwan Aerospace president, Denny Ko, said. The British Aerospace PLC chairman, John Cahill, was due Thursday. Government officials here said Taiwan may turn to Europe to help develop its aerospace industry if its deal to link with McDonnell's commercial airplane operations collapses. Russia has proposed ventures for helicopters, trainer aircraft and six-seat passenger planes.

Japanese Vehicle Sales Rise

TOKYO — Sales of cars, buses and trucks in Japan edged higher for the first time in 14 months in June, the Japan Auto Dealers Association said Wednesday. New vehicle sales rose 0.5 percent from the year earlier, 494,958 units, its said in a preliminary report. Sales were up 30.5 percent from May. Analysts were hesitant to say the figures signaled a rebound in Japan's domestic car market. Despite the rise in overall vehicle sales, sales of passenger cars, which accounted for almost 70 percent of all vehicles, declined 0.2 percent, to 343,065 units.

Thailand Halts NEC Project

BANGKOK — A fiber-optic cable project valued at \$160 million and awarded to NEC of Japan has been scrapped after the dismissal of the head of the state-run Communications Authority of Thailand, an official said Wednesday. Sources said the decision to award the project to NEC was made after pressure allegedly applied to the board of the authority by its former chairman, Air Chief Marshal Anan Kaitanya, who was also interior minister in Suchinda Kraprayoon's short-lived government. One source said there were "a lot of irregularities" in the awarding of the project to NEC.

Large table of International Funds with columns for Fund Name, Currency, and Price. Includes sections for International Funds, Growth Portfolios, Income Portfolios, and Other Funds.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 21 33.

SPORTS BASKETBALL

A Rally of Sorts for U.S. Team

Americans Wipe Out an Early Deficit Against Panama

PORTLAND, Oregon — We now know the U.S. basketball team can come from behind.

For the first time in its three games in the Tournament of the Americas, the "Dream Team" trailed. Granted, it was 15-13 with 13:53 left in the first half against Panama on Tuesday night, but it was still a deficit.

A 16-0 run over the next 5:12 started the expected rout, but we finally knew they know how to rally.

"They were in a mode of taking good care of the ball and made a decision to pack in a zone and they were able to keep the score reasonably close," said the U.S. coach, Chuck Daly. "I've said it before and I'll say it again, once our defensive intensity picks up and we get stops, we can get out and run."

And run and run and run.

The United States doubled Panama at 48-24 with 4:01 left in the half and it led 64-30 at halftime. The second half was kept interesting in seeing what the final margin would be. The 112-52 score fell between the 79-point triumph over Cuba and the 44-point defeat of Canada.

"I was just having a good time," said Michael Jordan. "Like I've been saying, this is fun to me. I'm not going to take things too seriously and I want to have fun with the other players."

The United States has not officially qualified for the Barcelona Games; it needs a victory over Argentina on Wednesday night in its final qualifying-round game.

The United States went outside against Panama's zone, making 10 of 19 3-point attempts led by a combined eight from Jordan and Chris Mullin.

"Every time you come down you're looking at a pretty good shot," said Mullin, who missed just one of his five from beyond the international distance of 20 feet, 6 inches (7.6 meters). "This is a regular shot for us. Everybody on our team can make that shot any time they want to take it."

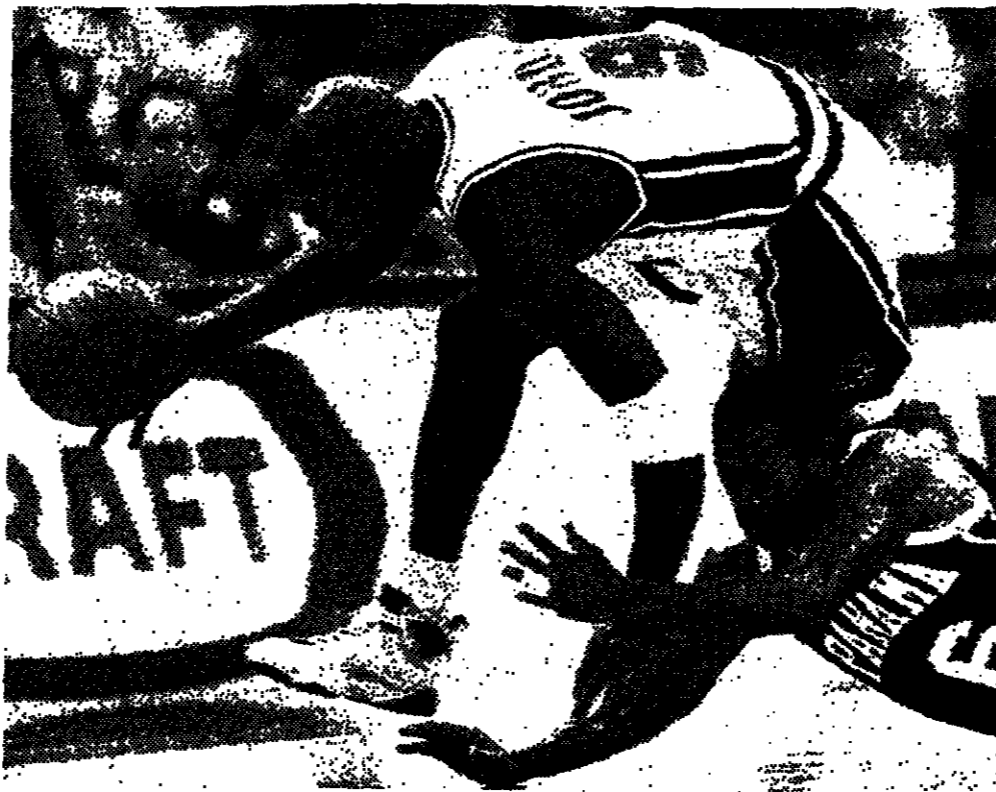
The United States can also stop any shot the opposition is thinking about taking.

Panama scored just 22 points in the second half and finished 20 for 59 from the field.

"I think so many people look at the U.S. and talk about their offense, but I think their defense is just fabulous," said Panama's coach, Jim Barron, who coaches college basketball in St. Francis, Pennsylvania, as a full-time job. "They really smother the ball and then they can afford to take risks by overplaying the passing lanes and stepping around players."

The U.S. team was playing its first game without the point guard John Stockton, who broke his leg Monday night against Canada when he was kicked by Jordan. Forward Larry Bird sat out his second straight game with a sore back and is still day-to-day.

Mullin led the United States with 19 points, 17 in the first half, while Jordan had all of his 15 in the opening 20 minutes. Magic Johnson had six points, five rebounds and 11 assists. Eddie Chavez led Panama with 12 points.



"I was just having fun," said Michael Jordan, going low for the steal against Reginald Grenald.

Sinus Trouble Plagued Lewis at U.S. Trials

HOUSTON — Carl Lewis was suffering from a sinus infection during the U.S. Olympic trials last month, which may have contributed to his disappointing performances.

Lewis, who finished sixth in failing to qualify to defend his 100-meter title, and also missed qualifying at 200 meters, said he visited a doctor after his return from New Orleans and the sinus problem was diagnosed.

"I told the doctor I'd never had a sinus problem in my life," Lewis said. "He told me, 'Welcome to the club.'"

The Houston doctor prescribed antibiotics and an antihistamine for the condition. Lewis said Tuesday that he would take the rest of the week off from training.

Lewis, 30, who has won six Olympic gold medals and is the world record holder in the 100-meter dash, failed to qualify for any track event except the long jump in the 1992 Barcelona Games. He qualified as an alternate for the 200-meter dash and the 400-meter relay team, a spot he has declined.

Lewis refused to blame the sinus problem for his showing in New Orleans and would not dwell on his bad luck.

"I was sick but that's the way it goes," he said. "My focus now is to go to Barcelona and do as well as I can in the long jump."

Lewis, with Andre Cason, Leroy Burrell and Dennis Mitchell, set the world record of 37.50 seconds in the 400-meter relay at the 1991 World Championships in Tokyo. Lewis has anchored the three fastest 400-meter relay teams in history and nine of the top 11.

(Reuters, AP)

For Cyclists at Tour Time, There's No Place Like France (or Spain or Belgium or...)

By Samuel Abt
International Herald Tribune

SAN SEBASTIAN, Spain — Home is where the heart is but not for Dirk De Wolf, not at Tour de France time. "The Tour de France is all the best riders in the world," said De Wolf, who was enrolled in that club by his victory in the prestigious Liège-Bastogne-Liège race this spring. "No rider likes to have to stay at home during the Tour."

Nevertheless, home in Belgium is just where De Wolf fears he may be when 22 teams of nine riders each set off on the three-week, 3,983-kilometer (2,490-mile) Tour de France on Saturday.

"I'm exhausted, I'm riding very badly," De Wolf, 31, said this week by phone from the Tour of Switzerland, which should have been a tune-up instead of an ordeal. "My condition is not so good and if it doesn't get better, the Tour will not be possible. You don't do that race at 70 percent of your best condition."

His apprehension is justified. Although he ranked 39th last month in the computerized standings of the world's professional racers, he has never finished higher than 64th, in the Tour de France.

One reason is that his talents are better suited to one-day classics than to long stage races. Another is that he has never been a leader able to choose his races but a support rider thrust into battle wherever and whenever team strategy dictates a need.

So it has been a busy year for De Wolf, who rides for the Gatorade team from Italy. "Seventy, maybe more, days of racing already" since the season opened in February.

First came the minor winter stage races, then the spring classics, then the 10-day Tour Du Pont in the United States, then the three-week Giro d'Italia and finally the 10-day Tour of Switzerland.

The Giro, which ranks as the next-toughest race behind the Tour de France, was the crusher and De Wolf had to drop out on the 15th stage. "Too much," he said, "too hard."

That was why he tentatively put Miguel Indurain, the winner of the Giro and the defending champion in the Tour, at the top of his list of favorites for the coming race. The 79th edition of the Tour, the world's oldest, richest and most demanding multi-day bicycle race, is expected to be especially difficult.

Geography is a big factor. The Tour will start in San Sebastian, Spain, and visit France, Belgium, the Netherlands, Germany, Luxembourg and Italy before it definitively reenters France on July 19, heading into the Alps and its July 26 finish in Paris. Although the modern Tour frequently

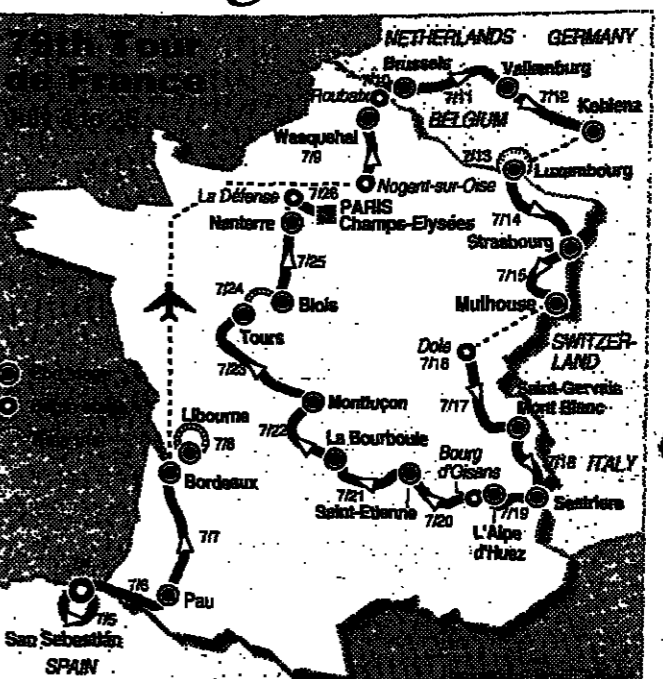
"All those countries will make this a very difficult Tour," he judged. "Riders from each country will be fighting to win at home. There won't be any easy days. It's no place for somebody off form like me."

Somebody definitely on form is Indurain, a Spaniard who rides for the Banesto team from his homeland. He reaped through the Giro and emerged so easy a winner that he won the final day's long time trial by nearly three minutes over the rest of the field.

"He's a very good rider, that we already knew from last year's Tour," De Wolf said. "Now in the Giro he was the best of everybody by a lot." But, for all its difficulties, the Giro is not the Tour de France, the Belgian continued.

"In the Giro, you had some of the best riders but the Tour is all the best riders. Bugno was not in the Giro, LeMond, Brukink were not either. They will all be in the Tour."

"The Tour is much harder," he added. "You can't imagine how much concentration is needed, day after day for three weeks. In the Giro you can make a mistake and still win. In the Tour, one bad day and



BOOKS

THE STRANGE CASE OF MA-DEMOISELLE P.

By Brian O'Doherty. 228 pages. \$19.
Pantheon Books, 201 East 50th Street, New York, New York 10022.

Reviewed by Michiko Kakutani

IT'S hard to read Brian O'Doherty's first novel, "The Strange Case of Mademoiselle P.," without thinking of one of the most famous novels of the last decade, D. M. Thomas's "White Hotel."

In this case, the doctor isn't a fictional Freud, but a fictional version of Franz Anton Mesmer, a Viennese doctor whose theories of "animal magnetism" enjoyed a vogue during the 1770s.

The patient under his treatment is one Marie Therese Paradies, a young blind pianist known as Mile. P., who, in real life, became friends with Mozart and founded an institute for music education in Vienna.

As in "The White Hotel," the reader is asked to draw parallels between the story of one woman and her doctor, and the historical era against which her story takes place.

As in "The White Hotel," the reader is also asked to piece together this heroine's story from a series of elliptical documents: in this case, first-person reminiscences delivered by Dr. Mesmer, Mile. P. and her father, Josef Von Paradies, the imperial secretary to Empress Maria Theresa of Austria.

When Mile. P. first arrives at the office of Dr. Mesmer, she is 18 years old. She has been blind since the age of 3, but has become an accomplished pianist and a favorite of her namesake, Empress Maria Theresa.

But while the physicians can find nothing organically wrong with her eyes, she remains blind and ill, subject to strange fits and fainting spells.

Finally, out of desperation, Mile. P.'s father brings her to Dr. Mesmer, a physician who had gained renown for his theories of animal magnetism, a belief that human beings, like the rest of nature, are subject to a magnetic force that may be adjusted through the judicious use of magnets and massage.

Mile. P. seems to thrive under his care. Removed from the company of her hysterical mother and her stern, demanding father, she starts to relax.

Music — played by her young friend Wolfgang Amadeus Mozart — helps soothe her ragged nerves. And the ministrations of Dr. Mesmer, who regularly gives her massages to redistribute the magnetic fluid in her body, appear to give her new vitality and health.

Miraculously, her sight begins to return. At first, there is a new sensitivity to light, then, gradually, the ability to discern the shape and color of objects.

Most troubling of all is the sudden decline in her musical abilities: the gift of sight seems to have damaged her perfect ear, impaired her instinct for harmony.

As Mile. P. and Dr. Mesmer regard it,

BRIDGE

By Alan Truscott

ON the diagrammed deal North gained heavily by employing a lead-inhibiting psychic hand. His obvious bid, after South had opened one spade, and West had contributed a weak jump in clubs, was four spades. He chose four clubs, confusing the issue for his opponents.

East bid four hearts and then sold out to four spades. West naturally led a heart, and found later that he could have picked any other suit and defeated the contract. As it was, South got rid of a club from the dummy and had no trouble.

Notice that East-West would have made five hearts, since South's heart can be neutralized. In the replay West did not overcall and North raised one spade to game. East bid five clubs, which would have succeeded in practice. This would have been an exact reversal of the first room: instead of an obvious heart lead being the only way or the defense to fail, an improbable heart lead was now the only chance for the defense to succeed.

South did not have the lead problem, for North carried on to five spades. East doubled, and collected 300 since his partner knew to lead a club. The North-South team gained 12 imps, half its eventual margin of victory.

NORTH			
♠	10 8 7 4 3	♥	A 8
♦	K J 8 5 4 2	♣	K 10 3
♠	9 7 6 2	♦	A Q 9 7 6 2
♣	8 4	♠	8 4

Neither side was vulnerable. The bidding: South 1S, West 3H, North 4C, East 4H. Pass, Pass, Pass, Pass.

West led the heart king.

DOONESBURY

YOU KNOW, CHARLES AND I AGREED OVER HUNCH KIDS TO TRY TO SEND CHRISTOPHER TO THE DON'T GET INTO HILLSIDE...

FORTUNATELY, HE WAS ACCEPTED EARLY AND BEING SO HAPPY, MULLIGAN'S JUST SO IMPROPER...

UM...WELL, YES, SUPPOSE SO!

I MEAN, IF YOU OVERLOOK THE REASON PROBLEM, THE WHAT?

THE WHAT?

BLONDIE

WHAT ARE YOU MAKING, MRS. BUNSTEAD? SWEET AND SOUR MENTALS!

DO YOU HEAR THAT, GREGORY? HE'S AN ACCIDENT!

I'LL LET YOU TASTE ONE

WHAT ARE YOU WAITING FOR?

HOW ARE YOU SUPPOSE TO TELL WHICH ONE IS ARE THE SWEET ONE?

WIZARD OF ID

CAN I HAVE YOUR AUTOGRAPH, SIR?

SURE, KID

THAT WILL BE THREE DOLLARS

HOW ABOUT WE JUST PLAY TICK-TACK-TOE?

REX MORGAN

I'M SORRY, REX... I DON'T WANT TO KEEP YOU ON THE PHONE SO LONG.

IT'S ALL RIGHT, CHRISTINE! I DON'T HAVE ANY PATIENTS WAITING!

I WISH THERE WAS SOMETHING I COULD DO BESIDES LISTEN!

THERE IS... TELL ME HOW I BREAK THE NEWS TO MY CHIEF OF STAFF IN THE MORNING.

GARFIELD

DID YOU KNOW CATS CAN TALK? WE JUST DON'T CHOOSE TO.

GARFIELD, I'M HOME!

WHO CARES?

IF WE DID, NOBODY WOULD LIKE US.

DENNIS THE MENACE

WELL... FIRST YOU LIVE TO A RIPE OLD AGE, AND THEN YOU GET PICKED!

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

CAMIG

TENKO

LIKLER

MACCEB

Print answer here: _____

Yesterday's Jumbles: MADAM, EXPUL, BEATEN, FLORIO. Answer: What the home side of most two physicians wear — A PARADOX (pair of docs).

PEANUTS

My life has been one of constant struggle

THAT'S A LAUGH

Ha Ha Ha Ha!

BEEBLE BAILEY

HOW'S HE DOING?

HIS RECOVERY IS VERY SLOW

HAVE YOU THOUGHT OF TRYING A MALE NURSE?

CALVIN AND HOBES

LET'S NOT PLAN THIS ANY MORE, HOBBS!

IT'S NOT MY FAULT YOU HAVE A VERY BIG FROD!

WIZARD OF ID

HOW ABOUT WE JUST PLAY TICK-TACK-TOE?

REX MORGAN

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IF WE DID, NOBODY WOULD LIKE US.

The C...
Edi...
Paris...
London...
Singapore...
New York...
No. 34...
Mr. Amato...
Iraq...
WASHINGTON...
The repair...
corps have...
Administra...
reports, whi...
caused intens...
dam, and an...
was involved...
The White...
to neither co...
Mitt...
PARIS...
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passed, killing...
Mrs. Mitter...
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ANC...
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Judge Goldstone...
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"Falcone was...
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